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Algeria	5.50	Din.	Israeli	13.25	Norway	5.00	Nkr.
Austria	17.5	Sch.	Italy	1000	Lib.	0.000	Red.
Bahamas	4.00	Bah.	Jordan	450	Lebanon	450	Lib.
Bahrain	2.00	Bah.	Kuwait	500	Lib.	450	Lib.
Belgium	23.0	Bel.	Qatar	1000	Lib.	450	Lib.
Bolivia	2.00	Bol.	Romania	1000	Lib.	450	Lib.
Brazil	2.00	Braz.	Saudi Arabia	1000	Lib.	450	Lib.
Canada	1.00	Can.	Seychelles	1000	Lib.	450	Lib.
Chad	2.00	Chad.	Singapore	1000	Lib.	450	Lib.
Colombia	2.00	Col.	South Korea	1000	Lib.	450	Lib.
Costa Rica	2.00	Costa	Sri Lanka	1000	Lib.	450	Lib.
Cuba	2.00	Cuba	Taiwan	1000	Lib.	450	Lib.
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Denmark	2.00	Den.	Turkey	1000	Lib.	450	Lib.
Egypt	2.00	Egypt	U.A.E.	1000	Lib.	450	Lib.
France	2.00	France	U.S.	1000	Lib.	450	Lib.
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The Prince and Princess of Wales left St. Mary's Hospital on Tuesday with their baby boy.

Royal Heir Apparent Goes Home

By R.W. Apple Jr.
New York Times Service

LONDON — The Princess of Wales and her still-named son went home Tuesday night, less than 24 hours after the birth of the heir apparent to the British throne.

Wearing a lime-green, polka-dotted smock and smiling radiantly, the 20-year-old princess walked out of St. Mary's Hospital in West London shortly before midnight. She was carrying the new prince, so tightly swaddled in white that only part of his face was visible. Prince Charles accompanied them on the ride back to Kensington Palace.

When the royal threesome appeared, great cheers arose from the crowds.

As 41-gun salutes boomed across London — fired in Hyde Park and at the Tower of London — Queen Elizabeth II saw her third grandchild Tuesday morning for the first time. Diana's father, Earl Spencer, and her mother, Mrs. Frances Shand-Kydd, also visited her.

Like other members of the family, Lord Spencer was in an ebullient mood, describing the new prince as the "most beautiful baby I have ever seen." Asked if the nanny had seen her charge yet, he replied, "I'm not the nanny, I'm the ... What? ... I'm the grandfather."

Buckingham Palace said that the princess, who was Lady Diana Spencer before marrying the Prince of Wales last July 29, had been overwhelmed by the public response. More than 700 telegrams came in overnight, the palace said, including one from President Reagan. More than 1,800 presents have arrived, and so many flowers were delivered that most of them had to be diverted to other London hospitals.

In a pub near the hospital, the proprietor offered drinks "at half price. He explained: 'I'm a royalist, mate, a terrible royalist. It's been a great month; what with the victory in the Falklands, the World Cup and now this.'

Asked whether he had chosen a name yet, Prince Charles replied, "No, but I'm not going to let you know now, even if I have."

William Hill, a London betting firm, made George an even-money favorite Tuesday for the name of the Prince and Princess of Wales's son, followed by James, Charles, Edward, David, Philip and Louis.

The child is first in line after his father to the British throne, and the parents are expected to choose a traditional English name. Buckingham Palace said the boy's title would be Prince (followed by his first name) of Wales. His father's title is simply the Prince of Wales.

Argentine Army Ends Junta, Names President

Compiled by Our Staff From Dispatches

BUENOS AIRES — Retired Gen. Reynaldo Benito Bignone has been picked as Argentina's new president, the army announced Tuesday. The army took over full power of the government, dissolving the three-man junta that has been divided since the humiliating defeat in the Falkland Islands.

It was understood that the 54-year-old conservative administrator was a reluctant compromise, picked to avoid a collapse of the shambly divided six-year-old military regime.

The army pledged to lead a "short-term transition government" aimed at restoring civilian political rule "by the early months of 1984."

The navy and the air force, according to well-placed sources, were to pull out of the day-by-day governing of the nation.

Gen. Bignone will succeed Lt. Gen. Leopoldo F. Galtieri, who was removed last week after the capitulation in the Falklands.

His appointment broke a four-day deadlock over a successor. A former secretary-general of the army, Gen. Bignone retired from active service late last year and was one of several candidates considered for the presidency.

Sources said the air force opposed his nomination but relented when the army agreed to commit itself to a return to constitutional rule within two years.

Reports circulated earlier in Buenos Aires that the army was ready to act unilaterally to replace Gen. Galtieri.

The privately owned Argentine news agency Diarios y Noticias said that the air force commander, Gen. Basilio Lami Dozo, and the navy chief, Adm. Jorge Anaya, remained adamant to the last minute against Gen. Bignone.

The generals who seized power from President Isabel Peron in March, 1976, have stated since then that they would return the country to civilian rule, but they have never fixed a deadline.

According to Date

A communiqué issued Tuesday couched with information from military sources Monday that all three service branches have agreed on March 29, 1984 — the date on which Gen. Galtieri would have stepped down voluntarily — as the time for ending exclusive military rule and permitting the participation of political parties.

The communiqué appeared to represent concessions by the army to the air force and navy, which have argued for an accelerated return to democracy.

Meanwhile, more than 1,000 additional Argentine prisoners of war from the Falklands conflict arrived Monday in the southern coastal town of Puerto Madryn aboard the requisitioned British North Sea ferry Norland.

In another development, two British soldiers were seriously injured during minesweeping operations on the Falklands, a British reporter on the islands said Tuesday. The Argentines left plastic devices that cannot be found with mine-detection equipment.

Anti-Excoct System

WASHINGTON (Reuters) — The Defense Department told Congress Tuesday that it intended to sell Britain three Phalanx anti-missile systems designed to provide protection against sea-skimming missiles such as the French-built Excoct.

French Flights Suspended

PARIS (AP) — Air France announced Tuesday that it would suspend all flights serving Buenos Aires, effective June 30, at the request of the Argentine government. The request was prompted by the French government's support for Britain in the Falklands conflict.

Israelis, Syrians Clash Near Beirut

Begin Deputy Announces New Cease-Fire in Response to U.S. Request

Compiled by Our Staff From Dispatches

BEIRUT — Israeli and Syrian forces fought near the Beirut-Damascus highway Tuesday in what appeared to be their biggest clashes since declaration of a cease-fire June 11. Israel announced a new truce after several hours of fighting, but there was no immediate word from Syria.

In Beirut, Israeli planes bombed Palestinian camps in the city's western sector for the first time in nine days, and Lebanese state radio said Israeli gunboats resumed shelling residential areas of the city, causing "heavy casualties."

The new bombardment of Beirut followed incessant Israeli land and sea shelling of West Beirut on Monday.

There were unconfirmed reports that Iranian troops fought against the Israelis in Lebanon for the first time.

Israel Radio announced the cease-fire with Syrian forces would take effect at 6 p.m. Tuesday.

It said that Simcha Ehrlich, the deputy prime minister, agreed to the cease-fire after conferring by telephone with Prime Minister Menachem Begin, who was in the United States.

Mr. Ehrlich accepted a truce proposed by Philip C. Habib, the U.S. presidential envoy, who was in Beirut seeking a solution to the Lebanon crisis, the radio said.

It also said that Israel had insisted that the truce be conditional on Syria also holding its fire.

The cease-fire announcement was designed to end a sudden escalation of fighting Tuesday in which Israeli tanks, preceded by an intense air and artillery bombardment, advanced in the mountains east of Beirut.

A Palestinian communiqué called the fighting "one of the major battles of the war" in Lebanon.

With an artillery duel raging only four miles (6.5 kilometers) further east, the National Salvation Council of Lebanese leaders met for the first time in the Israeli-encircled palace of President Elias Sarkis in suburban Baabda to seek a compromise formula for an Israeli, Syrian and Palestinian disengagement around Beirut.

For the first time, the council invited Mr. Habib to join its discussions. Premier Shafiq al-Wazzan later announced "important and tangible progress."

In meeting with reporters after the meeting, Mr. Wazzan said the council informed Mr. Habib of its unanimous approval of a position which could serve as the basis for solving the critical situation in which we are living.

He did not explain what position the council approved, but left leader Walid Jumblatt, who has repeatedly conferred in the last few days with Yasser Arafat, the PLO leader, said Mr. Habib was asked to demand a renewed Israeli guarantee to observe cease-fires both with the Syrians and the Palestinians.

In Damascus, the Syrian government said it would withdraw its forces only if the Israelis withdrew first and only at the request of a Lebanese government freed of Israeli pressure. Furthermore, the Syrians said, the Syrian troops could only be removed "at the request of an Arab summit meeting."

The Israeli military command accused the Syrians of breaking the existing cease-fire on Tuesday with a "heavy barrage" of artillery fire from positions around the Syrian garrison at Hammama, 16 miles east of Beirut. The Israelis returned the fire and called in air strikes on the Syrian gunners, the communiqué said.

Lebanese radio stations and communiques of the Palestine Liberation Organization said Israeli tanks advanced into the hilltop village of Mansouriyeh overlooking the Syrian stronghold of Alep and the Beirut-Damascus highway that carries most Syrian supplies.

2-Pronged Advance

From that strategic position, the reports said, the Israelis moved forward in the direction of Alep and Bhamdoun in a two-pronged advance behind a barrage of artillery fire and an aerial bombardment of villages as far as Dahr al-Baidar, 25 miles east of Beirut, where the Damascus highway crosses the Barouk mountain range.

The Palestinian news agency WAFA said the Israelis continued shelling the entire mountain region from Dahr al-Baidar to Alep throughout the afternoon. It said the Israeli drive toward Alep and Bhamdoun led to some of the most bitter fighting of the war, with pitched Israeli-Syrian tank battles and hand-to-hand combat involving commandos of the Joint Forces, which were composed of Palestinian and Lebanese leftists, and Israeli infantrymen.

The Palestinians made no mention of the Iranian infantry battalion garrisoned for the past two weeks in Bhamdoun, 14 miles east of Beirut on the Damascus highway and apparently a target of the Israeli drive.

But military sources said the battalion of several hundred "volunteers" was airlifted to Damascus soon after the Israeli invasion and joined the Syrian forces holding Bhamdoun.

EEC Ministers Assail U.S. On Steel Limits, Ban on Pipeline Gear

By Axel Krause
International Herald Tribune

PARIS — In a rare and menacing turn, foreign ministers of the European Economic Community on Tuesday denounced U.S. actions aimed at limiting European steel imports and at banning the sale of pipeline equipment to the Soviet Union.

The Reagan administration's renewed effort to keep U.S. technology from being used in the Soviet Union's proposed gas pipeline from Siberia to Western Europe probably also violates international law, the Common Market ministers said, and would not be upheld in EEC courts.

The declarations reflected some of the toughest language and threats of retaliation evoked in recent transatlantic disputes.

The joint statement coincided with the arrival in Brussels of William E. Brock, the U.S. trade representative.

Mr. Brock, who will meet with EEC Commission President Gaston Thorn and Industry Commissioner Eelco Duijndijk, will discuss worsening transatlantic trade tensions. The discussions were initially designed to focus only on the steel issue.

"We are in a state of extreme political and economic tension with Washington," Mr. Davignon said.

EEC finance ministers, meanwhile, will meet in Luxembourg on Wednesday to discuss and possibly act on a compromise proposal aimed at resolving the deadlocked issue of export credits, primarily for developing nations and the Soviet Union.

The chances appeared only slight that a new export credit agreement would emerge, since France still opposed key elements in the compromise plan, which has U.S. backing, authoritative U.S. and European government sources indicated Tuesday. The credit arrangement among 22 nations in the "Organization for Economic Cooperation and Development" expires Friday.

In their statement on steel, EEC foreign ministers said that a June 11 ruling by the U.S. Commerce Department that could lead to limitation of EEC steel imports into the United States was based on a series of extreme and unilateral findings or subsidies, which would "undermine the community's efforts toward restructuring."

The ministers said the decision "will disrupt traditional trade flows, virtually eliminate steel exports of substantial value from certain member states and have serious effects on the steel industry in Europe."

They also said that the U.S. decision "is a clear violation of the GATT (General Agreement on Tariffs and Trade) and the Tokyo Round Agreements."

They called for a "prompt and effective resolution of the steel dispute."

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Hinckley Is Not Guilty By Reason of Insanity In Shooting of Reagan

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — A jury has found John W. Hinckley Jr. not guilty by reason of insanity on all 13 charges of shooting President Reagan and three other men on March 30, 1981.

The 27-year-old defendant looked up at the ceiling and then down and gave a low sigh as U.S. District Judge Barrington D. Parker read, count by count, the verdict that was delivered to him Monday by the foreman of the jury of seven women and five men.

The defendant's mother, JoAnn, gave out a cry and embraced her husband in tears as the judge quickly read the words "not guilty by reason of insanity" 13 times on charges ranging from attempted assassination of the president to possession of an unlicensed pistol.

Within 50 days, Judge Parker must hold a hearing to determine whether Mr. Hinckley should remain institutionalized. The judge set July 12 for a further proceeding, but did not specify the purpose.

But two of his attorneys, Vincent J. Fuller and Gregory B. Craig, said Tuesday that Mr. Hinckley would not try now to seek his release. They said they spoke with him Tuesday morning and they issued a statement that said, in part: "Mr. Hinckley will not be making any effort to seek release after the expiration of the statutory 50 day period as the law permits."

The statement added that their law firm would not represent Mr. Hinckley in efforts to secure his release "until we are satisfied that he meets the criteria for release and that Mr. Hinckley is no longer a danger to himself or to society."

Spectators Are Stunned

The verdict, coming after 25 hours of deliberations over four days, stunned the spectators and appeared certain to shock the nation and bring new calls for abolition of the insanity defense.

Mr. Hinckley will be sent to St. Elizabeth's Hospital, a mental institution here, for evaluation under a special act of Congress applicable only in the District of Columbia. It is not clear when, if ever, he could be released.

Judge Parker instructed the jury Friday that if they found the defendant not guilty by reason of insanity, he would be sent to the hospital and "will remain in custody, and will be entitled to release from custody only if the court finds by a preponderance of the evidence that he is not likely to injure himself or other persons due to mental disease."

But the constitutionality of the law on which this instruction was based is under challenge.

The jury's verdict was based on Judge Parker's instruction that it should find Mr. Hinckley not guilty by reason of insanity at the time of the shootings unless the government could "prove beyond a reasonable doubt either that the defendant was not suffering from a mental disease or defect, or else that he overcame his substantial incapacity on that date both to conform his conduct to the requirements of the law and to appreciate the wrongfulness of his conduct."

Jackson Case

Mr. Hinckley is the first person tried for assassinating or attempting to assassinate a president to avoid conviction since 1835, when a jury took five minutes to find a man named Richard Lawrence not guilty by reason of insanity for trying to shoot President Andrew Jackson at close range with two pistols that misfired.

His wealthy parents hired a legal team headed by Mr. Fuller from the Washington firm of Williams & Connolly, which has paid several hundred thousand dollars in legal and psychiatric fees trying to prove Mr. Hinckley was not responsible for his acts.

The result was an eight-week trial, one of the most elaborate and expensive in the modern history of the insanity defense, one with elements of tragedy, melodrama, soap opera, psychiatry, law and even some occasional comic relief.

But the thousands of pages of testimony and mountains of evidence left the jurors with no easy basis for resolving the medical and moral ambiguities about the defendant's sanity that had been apparent from the time that an unmailed letter was found in his Washington hotel room hours after the shooting.

The letter disclosed that, by his own description, Mr. Hinckley's motive for the assassination attempt was to "impress" and win the love of Jodie Foster, a teenage actress whom he had pestered with telephone calls and love letters but had never met.

Reasons of Evidence

Three defense psychiatrists and a psychologist cited this letter, along with reams of other evidence, in their testimony that the defendant was so driven by the bizarre delusion of achieving a "magical union" with Miss Foster, and so impaired by schizophrenia and other mental illnesses, that he could not be held responsible for his conduct.

But a psychiatrist representing the government's own team of four private experts testified that the letter's lucid style as well as its contents had shown that Mr. Hinckley was making a conscious, rational choice to do something that he knew was wrong, however strange might be his method of trying to impress a woman.

Dr. Park E. Dietz, the psychiatrist, also testified that the primary motive of the defendant, who had read copiously about prior assassinations and other widely publicized crimes, was to realize his "long-standing interest in becoming famous without working."

Dr. Dietz's team produced a 628-page report and, according to a Justice Department spokesman, cost the government at least \$311,855 in fees and expenses.

Mr. Hinckley's defense team recorded into the background in the weeks of testimony about his life, his "in-

(Continued on Page 3, Col. 3)

Gandhi Maintains Firm Control Despite a Badly Weakened Party

By Michael T. Kaufman
New York Times Service

NEW DELHI — Two and a half years after she was enthusiastically voted back to power from the brink of political banishment and the threat of imprisonment, Prime Minister Indira Gandhi remains the single national political figure with large popular appeal in virtually all parts of India.

Her party, however, is a shambles, torn by jealousies and defections and often forced to rely on gangsters and oppressive landlords to assert itself at the grass roots. Nonetheless, the opposition groups are also largely ineffective, unable to coalesce even into a shadow of the Janata grouping that held together for 28 months after it defeated Mrs. Gandhi on a crest of anti-authoritarianism.

But when the coalition of centrists, Hindu revivalists and agrarian Socialists broke up in 1979, Mrs. Gandhi projected her charismatic appeal and led her party's slate of largely novice politicians to a huge parliamentary majority.

The party won entirely on my name," Mrs. Gandhi said days after the results were announced.

Now, midway through her term, she is still ruled entirely by her name. In recent legislative elections in four states, the only real issues were, whether candidates were for or against Mrs. Gandhi, and to a somewhat lesser degree for or against her son, Rajiv, whom she has singled out as her political heir. There was some moderate slippage in popularity, but through political maneuvering, Mrs. Gandhi's followers now control three of the four states.

The mercurial and pragmatic Indian leader now is emphasizing foreign policy initiatives

NEWS ANALYSIS

rather than immersing herself in the often violent and squalid world of local politics.

The well-oiled machine of the Congress Party that was presided over by her father has been consciously dismantled in stages by Mrs. Gandhi. Before she purged the regional bosses in 1969, the party was probably the most efficient democratic instrument for distributing patronage and soliciting votes. Since then, the pyramidal structure of the party has been whittled down. Mrs. Gandhi now rules through a nondescript Cabinet and relies increasingly on her son.

Son Shows Reluctance

That son, Rajiv, has moved with visible reluctance to take the place of his more extroverted brother, Sanjay, who before his death in a plane crash two years ago had assumed the role of second in command.

The transition from Sanjay to Rajiv marks another passage for Mrs. Gandhi. Sanjay Gandhi had since 1975 assembled about him a group of activists from largely privileged backgrounds who, in the name of social reform, acted like a government within the government.

When the zeal of this group led Mrs. Gandhi to suspend constitutional guarantees in 1975, another polarization set in, driving many moderates out of the party. This process continued as Mrs. Gandhi was voted out of office, and she began to rely more and more on Sanjay and his followers.

Since her return to office, and most particularly since the death of Sanjay, Mrs. Gandhi has sought to distance herself from some of the more rambunctious of Sanjay's appointees. Rajiv, a latecomer to politics, has tried to purge his brother's aides and surround himself with a more respectable aura.

A Difficult Process

Mrs. Gandhi has similarly sought to distance herself from some of the less principled figures in key positions in her party at the state level, but this has been hard to do. Her chief minister in Maharashtra state clung to office for months despite public exposure that he had raised millions of dollars in his own slush fund.

Meanwhile, Mrs. Gandhi has turned her attention more and more to foreign affairs, and here even some of her critics credit her with considerable success.

Rabi Ray, the secretary-general of the Lok Dal, the party of small farmers and one of Mrs. Gandhi's loudest critics, noted that Mrs. Gandhi has failed to frame a program for the nation. "She has no cure for the myriad domestic problems," Mr. Ray said, "so she feels at home in foreign countries."

Surendra Mohan, the general secretary of the Janata Party, the centrist faction of the old coalition, said the prime minister had "imprisoned herself in a very small coterie," and added, "Her power base will continue to be eroded."

Guarantee of Support

He commended her approach to the West, but he said it "signifies that she wants to compensate for the internal weakening of her position by a spate of image-building and publicity abroad."

In recent months she has clearly pursued policies of moderation, sustaining the momentum of talks to normalize relations with Pakistan and China, both formerly belligerent enemies. At the same time, Mrs. Gandhi, while protecting the special relationship that India has always had with the Soviet Union, has worked steadily to improve ties to the West.

She has been successful in establishing a rapport with Prime Minister Margaret Thatcher and has maintained close ties with France, recently placing an order for at least 40 French-built Mirage fighter fighters.

The culmination of this westward initiative is to come in late July when Mrs. Gandhi is scheduled to visit Washington at the invitation of President Reagan.

An American diplomat and several political analysts in New Delhi said Mrs. Gandhi would not primarily be seeking governmental policy changes, but rather would be in search of closer ties with U.S. industries and more joint agreements to help revitalize industry in India.

Sources who say they are privy to Mrs. Gandhi's thinking assert she has largely concluded that real growth is only possible in the private sector, which needs infusions of capital and skilled workers. Essentially, this means stimulating the more advanced sectors of Indian society at the cost of assistance to the more deprived masses.

While such a view might be acceptable to some officials in Washington, the challenge in New Delhi will be to see how such a strategy goes over with the bulk of the Indian poor who hold the bulk of the Indian votes.

Singh Is Presidential Nominee

NEW DELHI (AP) — Zail Singh, 66, was nominated Tuesday by Mrs. Gandhi and her party to become India's seventh president, the first member of the Sikh minority chosen for the office. He had resigned as home affairs minister to seek the nomination.

If elected, as appears likely, Mr. Singh would succeed President Neelam Sanjiva Reddy, whose five-year term expires July 26.

U.S. Senators Argue Heatedly With Begin Over Lebanon Crisis

By Fred Farris
International Herald Tribune
WASHINGTON — Israeli Prime Minister Menachem Begin met sharp new criticism from U.S. lawmakers Tuesday about Israel's incursion into Lebanon, with one senator calling it the angriest encounter he had seen with a foreign leader.

The session with 36 members, including most of the Senate Foreign Relations Committee, followed the pattern of criticism Mr. Begin met Monday in meetings with House members.

Tuesday, Sen. Paul Tsongas, Democrat of Massachusetts, said afterward: "In my eight years in Washington, I have never seen such an angry session with a foreign head of state." And Sen. Larry Pressler, a South Dakota Republican, said Mr. Begin met a great deal of criticism from senators, including some who usually support Israel.

"This is the first time I have seen such a confrontation between the prime minister of Israel and senators in terms of head-to-head disagreement," Sen. Pressler said. "He is taking question after question and just hitting them head on... not budging an inch."

"Absolute Candor"
Mr. Begin himself called the closed meeting "a very lively discussion" involving "absolute candor" but he said he believes "the majority of the U.S. Senate and House will continue to be friends of Israel."

Senate Majority Leader Howard H. Baker Jr., Republican of Tennessee, said later, "I think anytime you have a conflict of this magnitude it puts a strain on friendships, but I don't think there will be any permanent dislocation" of U.S. relations with Israel.

The Capitol Hill encounter followed a breakfast meeting between Mr. Begin and Secretary of State Alexander M. Haig Jr., in which both men expressed hope that a lasting settlement to the crisis in Lebanon, including a pullout of both Israeli and Syrian troops, may soon be realized.

Mr. Begin, who left later Tuesday for Israel, said "results may be in the offing," and Mr. Haig, standing alongside, said he was hopeful for "a positive outcome in the hours ahead."

Although neither would give details, Mr. Haig called their 90-minute session "both productive and positive."

The breakfast meeting appeared in contrast to official characterizations of Mr. Begin's two-and-a-half-hour meeting Monday with President Reagan, which a senior

administration official described as "bordering at times on direct, and even blunt."

That official emphasized the president's "deep concern that the hostilities in Lebanon be terminated at the earliest possible date, that the withdrawal of Israeli forces be accomplished expeditiously and that above all, in an urgent sense, that humanitarian actions be taken immediately to provide for the welfare of noncombatants involved."

Mr. Reagan was described as upset by the heavy number of casualties and the destruction caused by Israel's two-week-old incursion into Lebanon, and some of the president's top advisers reportedly have advocated a U.S. reaction of coolness and possibly public rebuke for the Israeli actions.

After the meeting with Mr. Haig, Mr. Begin said that Israel's position for the withdrawal of Israeli forces and settlement of the Lebanese conflict are that all foreign forces, including Syrian troops and Palestinian guerrillas, withdraw and that a strong central government be established.

The U.S. objectives, Mr. Haig said, are a withdrawal of foreign forces, a stronger central government and establishment of conditions so that "over again" will not be threatened by terrorist attacks from Lebanon.

This echoed the softer U.S. line that Mr. Reagan took publicly after his meeting with the Israeli prime minister. He said that he agreed with Mr. Begin "that Israel must not be subjected to violence from the north, and the United States will continue to work to achieve these goals and to secure withdrawal of all foreign forces from Lebanon."

But Mr. Reagan reserved judgment on committing U.S. troops to the peacekeeping force that Israel seeks, saying he would decide this on the basis of the best interests of the United States.

Tuesday morning, Mr. Begin said the new shooting in Lebanon, which included attacks by Israeli planes on Syrian gun positions after an artillery duel between the two sides, resulted from Palestinian forces firing first at the Israelis. "If the PLO ceases firing at us, we shall not fire at them," he said.

Caledonian Council Leader

Reuter
NOUMEA, New Caledonia — The new governing council in the French South Pacific territory of New Caledonia elected a prominent independence movement politician, Jean-Marie Tjibaou, as its leader Tuesday.



Smoke rose Tuesday from a gasoline station in predominantly Moslem West Beirut after it was hit by an Israeli artillery shell.

U.S. Lease Protested By Marshall Islanders

By Walter Pincus
Washington Post Service

WASHINGTON — The government of the Marshall Islands and U.S. Army security guards have arrested 13 of about 400 landowners who staged a sit-in on Kwajalein Island, headquarters of the U.S. Pacific Test Range.

The demonstrators are unhappy with financial arrangements for lease of the island reached last month between negotiators for the Marshall Islands government and the United States.

Despite the arrests late Sunday, similar sit-ins involving about 100 additional islanders and their families were reported Monday to have spread to three other islands in Kwajalein atoll, whose wide lagoon is the recovery zone for strategic missiles launched from Vandenberg Air Force Base, 4,200 miles (6,720 kilometers) away in California.

President Amata Kabua of the Marshall Islands flew to Kwajalein to try to resolve the situation before it has an impact on the U.S. missile program.

The landowners had an agreement, which ran out in September,

to rent their land to the Marshall Islands government, which in turn made it available for U.S. use at \$9 million yearly.

30-Year Lease

As part of a broader arrangement between the Marshalls and the United States, Mr. Kabua's negotiators last month agreed to continue the annual rent of \$9 million for 30 years. The landowners wanted \$16 million.

Ataji Balos, chairman of the board of the Kwajalein Atoll Corporation, resigned as minister of internal security in the Marshall Islands government so he could lead opposition to the agreement.

He was one of those arrested Sunday. His wife wired President Reagan on Monday asking suspension of the testing of a Minuteman-2 missile which she said was supposed to take place Tuesday. The Pentagon would not discuss test shots in advance, but a warning has been given to ships in the area.

Three years ago, islanders conducted a six-week sit-in after which the annual rent paid to landowners skyrocketed from \$740,000 a year to the current \$9 million.

Christian Beirut Gives Israeli Troops Warm 'Shalom' as Welcome

By David K. Shipler
New York Times Service

AIN SAADE, Lebanon — Despite the artillery and rocket exchanges that break out from time to time around Beirut, most of the Israeli troops who have besieged the Lebanese capital exist in a strange environment of remoteness from the war.

The major Israeli positions are inside the city limits, but in the hills above the capital. The dull clump of exploding shells is distant, muffled, and the resulting wisps of smoke rise delicately against the backdrop of the city and the sparkling Mediterranean.

Moreover, the hilly suburbs are mostly wealthy and Christian, offering the Israelis a remarkably amiable atmosphere in which to sit and wait for diplomacy and politics to do their gradual work. The Christian communities, he-leagued for nearly seven years by the Syrians and the Palestine Liberation Organization, have generally welcomed the Israeli Army, creating what must be the most cordial atmosphere ever seen between Arabs and Israelis in the war-torn Middle East.

Soldiers get waves and smiles and flowers from people on the street. Civilian cars with Israeli license plates, such as those driven from Israel by foreign correspondents, breeze unhindered through checkpoints manned by Lebanese Army units and the militia of the Christian Phalangists.

Warning Signs

After an Israeli officer inadvertently drove into the Palestinian section of the city and was killed, the army, in an effort to keep its troops in the safe neighborhood, put up warning signs in Hebrew reading: "Danger. Border Ahead."

In the Christian areas, children who see the distinctive yellow plates flash broad grins and shout "Shalom!" When an Israeli-registered car pulled over to a fruit stand selling cherries, the vendor

loaded several pounds into a huge plastic bag, then refused to take any money for them.

Some of the ostentatious generosity and friendliness may be self-preservation, part of the ancient syndrome of relations between conquered and conqueror. But there seems much more to it than that, for the Christian Arabs want what the Israelis want — to be rid of the PLO.

"We are with you," a Christian police officer said. "The Palestinians? He made a chopping motion with his hand. "Two, three days, no more. We are with you."

Many people in the pleasant suburbs of Baabda, Mansuriya, Ain Saade and Beit Meri say they have found the Israeli soldiers surprisingly gentle and cultured, out at all what the years of vicious civil war have led them to expect from men carrying guns.

'You Don't Know...'

"The soldiers on the street are so polite," an Arab surgeon said. Asked if he thought they could help Lebanon's situation, he replied: "I'll tell you this in a low voice: civilized people can help. You don't know what we have gone through. Hell, Hell!"

A hotel clerk voiced the fear that the Israelis would decide to obliterate West Beirut, where the PLO is based. "We want the Palestinians out," he said, "but we don't want Beirut destroyed. The Palestinians already lost their country; they don't care about ours. They are animals. We have no mercy left in our hearts for them. If the Israelis stay, at least they are educated. You can talk to them, and they understand."

For the Israeli soldiers who fought their way up the coast through fierce battles with the Syrians and the Palestinians, the calm of the lush suburbs comes as a welcome respite from the war.

"I wish there could be peace here," one soldier in olive drab fatigues said. "It's such a nice country. I'd rather be here as a tourist."

Haddad's Militia Plans To Relocate in Sidon

By Eric Pace
New York Times Service

MARIJAYOUN, Lebanon — Maj. Saad Haddad, the Lebanese Christian militia leader who controls an enclave on Israel's northern border, plans to move his headquarters to Sidon, a port city about halfway between the border and Beirut.

Maj. Haddad has said that many communities in southern Lebanon want to become part of his territory, which he calls Free Lebanon. His enclave before the invasion had a population of perhaps 12,000.

He told newsmen recently that his militia had not played much of a role as an ally in the Israeli invasion, but he indicated that he has the resources to control a far larger area than he now does.

What role the major may play in a reconstituted Lebanese government is unclear.

Sidon is an oil-refinery port 35 miles (56 kilometers) north of the Israeli border and 25 miles south of Beirut. He said he has received messages of support from as far as Tripoli, in northern Lebanon.

Israeli officials say the major's militia has maintained good relations with Moslem inhabitants of his enclave. He has received arms and military advice from Israel and has led raids against Palestinian guerrillas.

Israeli officers in the area said Maj. Haddad's influence now extends north to Hasbaya and Rashaya, though not west of the Litani River.

The major met reporters after having addressed a rally at Nabatieh, a former Palestinian guerrilla center. In recent days, he said, he has gone to other communities outside the enclave.

His speaking manner is somewhat flat and uninspiring, but his admirers say that he was warmly received by people who share his hostility toward the Palestinian guerrillas.

U. Col. Eli Aloni, an Israeli civil affairs administrator in Jezzine, 12 miles north of here, said the people in the area adjoining the Haddad enclave were aware of the major's activities. He said, however, that Maj. Haddad apparently has no influence as far as Jezzine.

The major said at Nabatieh that he does not ask both the Syrians and Palestinians to leave the country.

He urged close ties with Israel, saying, "We insist that the border between Israel and Lebanon will stay open and our people will have the facility to go to Israel, and the Israelis to go to Lebanon, without a passport, without customs or anything."

In addition, Maj. Haddad explained that the security of southern Lebanon must be assured by the army of Free Lebanon, made up of citizens of the region, adding: "We do not want any pro-Syrian, pro-terrorists: we need real Lebanese."

Israel has made no declaration of policy concerning Maj. Haddad since the invasion. Although the Israeli occupation officials said Israel would be loyal to him as an ally, they emphasized, as one said, "We wish him all the best, but we are dealing with Lebanon now — and that is not just one person."

The conference organizers refused to change the program and, as a result of Israeli pressure, 150 of the 400 enrolled participants did not come.

On Sunday, the counsel for the U.S. Holocaust Memorial Council, a governmental agency set up to commemorate those who died in Nazi camps, said that a Turkish diplomat had threatened retaliation if the fate of Turkish Armenians was included in a proposed Washington museum on the German death camps of World War II.

Over the years, Turkey has denied charges that the Ottoman regime systematically killed 1.5 million Armenians.

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WORLD BRIEFS

Poland Plans a Purge of Academics

WARSAW — Poland's Communist authorities are preparing to dismiss university teachers whom they consider political opponents or academic deadweight, the minister for higher education, Benon Miskiewicz, said Tuesday.

The announcement of the planned purge came after the circulation of a questionnaire among all higher education teachers on their academic record and membership in social organizations. "The questionnaire of staff would be taken into account when all cases were reviewed by special committees of senior academics. 'It is difficult to allow someone to teach in a Socialist system if his activities are opposed to that system. There is no place for such people in our universities,' he added.

Soviet Faster Is Taken to Hospital

MOSCOW — Yuri Balovlenkov, who ended a 42-day fast after receiving permission to join his wife in the United States, has been taken to a hospital, his mother said Tuesday.

She said that Mr. Balovlenkov, 33, had been driven by ambulance to city hospital No. 68 Monday evening hours after he abandoned the hunger strike. A hospital spokeswoman said the former computer programmer was in a fair condition and receiving suitable treatment.

Mr. Balovlenkov was told Monday by emigration authorities that they would grant his demands for an exit visa so that he could be reunited with his American wife in Baltimore. He told reporters at the time that he felt physically terrible and was considering seeking medical advice on how to start eating again after losing more than 49 pounds (22 kilos) during his fast. Mr. Balovlenkov was one of six persons who began a fast in May to press for the right to join spouses in the West.

Russia Denounces U.S. Shuttle Plans

MOSCOW — As the Soviet Union began a two-day countdown Tuesday to launch the first French cosmonaut into space, it denounced U.S. plans to test military hardware on the forthcoming shuttle flight.

The U.S. shuttle Columbia, scheduled to begin its fourth space flight Sunday, is for the first time bearing a military payload. Its crewmen will be the first U.S. astronauts to conduct military experiments in orbit, testing sensors designed to monitor other satellites, and Pravda accused Washington of planning "to spread the arms race to outer space."

The Soviet Soyuz-T spacecraft is to be launched Thursday, carrying Jean-Louis Christy, a French cosmonaut, and Vladimir Dzundzov and Alexander Ivchenkov to the orbiting Salyut-7 space station. They are to join two Soviet cosmonauts who boarded Salyut-7 on May 13.

U.S. Charges 18 in Computer Spying

WASHINGTON — The U.S. Justice Department has charged 18 employees of two giant Japanese electronic companies, Hitachi and Mitsubishi Electronic Corp., with paying \$648,000 to an undercover FBI agent to steal computer secrets from International Business Machines Corp., Attorney General William French Smith announced Tuesday.

The FBI director, William H. Webster, announced the arrest of six of the 18 in California. He said arrest warrants were issued Monday for 12 others in Japan, on charges of conspiracy to transport stolen property from the United States to Japan. A 13th person, an unemployed student, is accused of receiving stolen documents.

The Justice Department said the conspiracy involved separate efforts by representatives of Hitachi and Mitsubishi to obtain confidential information from IBM to assist in the development of computers and computer-related products. Mr. Webster said IBM cooperated fully with the investigation, which began in November.

Ambush Reported in Afghan Valley

NEW DELHI — Afghan insurgents ambushed a convoy of trucks carrying about 1,000 young Afghan Communist activists to the strategic Panjshir Valley, inflicting heavy casualties, on them, a Western diplomat reported here Tuesday.

The diplomat described as "reasonable" an estimate that several hundred militants were slain in the attack, which occurred in mid-June. He did not have a date for the attack but said that this and other incidents indicated that the rebels were still resisting the invasion of the valley by Soviet and Afghan troops.

Moslem guerrillas had repulsed five attacks in two years to capture the 100-mile-long Panjshir before last month's military drive, diplomatic reports from Kabul said. Tuesday's report said the young Communists had been encouraged to visit the Panjshir to help keep its rebellious residents in check. The ambush, the diplomat added, occurred at a short distance into the valley, near the town of Galbaha.

Goukouni Said to Get Algeria Asylum

ALGIERS — Goukouni Oueddi, who was ousted as president of Chad earlier this month when rebel forces captured the capital of Njamena, has been granted political asylum in Algeria, an authorized source said Tuesday.

"I can confirm that Goukouni is here and that he has received political asylum," said the source, who refused to be otherwise identified. The source would give no other details and would not say whether the former president would be allowed to engage in political activity while living in Algeria.

Rebel forces under Hissène Habré, a former defense minister, took over Njamena June 7 after a brief fight. Mr. Goukouni initially fled to neighboring Cameroon.

Seychelles Drops a Treason Charge

VICTORIA, Seychelles — The state prosecutor withdrew treason charges against the brother-in-law of mercenary leader Michael Hoare Tuesday but another mercenary was ordered to stand trial in connection with the bungled coup attempt against the Seychelles' government.

Prosecutor Bernard Rasool dropped the charges against Robert Sims, brother-in-law of Mr. Hoare, who led the mercenaries in the failed coup last November.

The court rejected a guilty plea to the treason charge by Martin Dolinich, a South African intelligence officer, and ordered him to face trial. On Monday, four mercenaries pleaded guilty to treason against the Seychelles, a group of Indian Ocean islands off the coast of East Africa.

Australians Reverse Warship Stance

CANBERRA, Australia — The opposition Labor Party reversed itself Tuesday and said nuclear-powered U.S. warships carrying nuclear arms would be allowed in Australian ports if their party were to gain power.

The move followed a statement earlier Tuesday by the three partners in the ANZUS alliance — the United States, Australia and New Zealand — stressing the critical importance of access for U.S. combat ships to Australian ports.

The issue, which occupied a prominent place in discussions among members of the alliance, was raised after Bill Hayden, the Australian Labor Party leader, said that if his party won elections next year it would ban visits by nuclear-armed vessels.

Compiled from Agency Dispatches

EEC Assails U.S. on Steel Limits, Pipeline

(Continued from Page 1)

rious indirect effects for member states."

The U.S. move should be viewed against what the ministers of the 10-nation body described as "the general background of escalating trade disputes between the U.S. and the community, not just in relation to steel, but also to agriculture, export credits and textiles."

Senior officials in Brussels said Tuesday that Mr. Brock's visit was hastily arranged following the Commerce Department ruling on steel imports and that he was likely to urge the EEC to refrain from taking retaliatory steps against U.S. products and to seek a negotiated settlement.

In attacking Washington's decision last week to extend the ban on sale of U.S.-made equipment in the pipeline to EEC companies, ministers said that "this action implies an extrajurisdictional extension of U.S. jurisdiction which is contrary to the principles of international law, unacceptable to the community and unlikely to be recognized in the courts in the EEC."

The official extended the ban on pipeline sales to cover subsidiaries of U.S. companies and companies holding licensing agreements with U.S. firms, which mainly include EEC companies based in Britain, West Germany, France and Italy. Some of them have already expressed their hostility to the U.S. decision.

The export credits issue, while not directly related to the steel and pipeline controversy, was expected to become entangled in the transatlantic skirmishing during the meeting of finance ministers in Luxembourg on Wednesday.

A set of compromise proposals were made during a weekend meeting in Paris by Axel Wallen, chairman of the export credit group of the OECD, and they will be the key items on the agenda, EEC sources said.

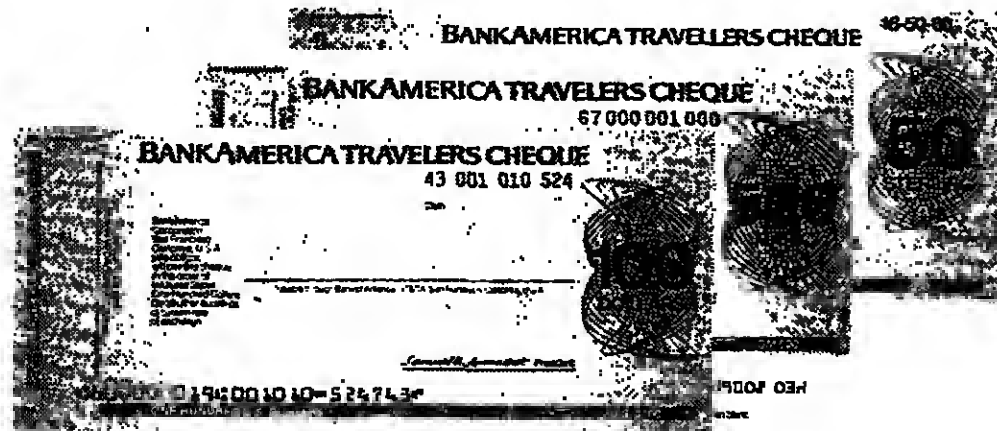
The proposals would set new and slightly higher minimum terms for officially backed credit loans, mainly to developing countries and the Soviet Union. The Reagan administration has reluctantly accepted the compromise proposals, though the increases are not as large as Washington would have liked.

In a telephone interview from Stockholm, Mr. Wallen, who is head of Sweden's export credit guarantee board, said Tuesday: "I do not know how the issue will be resolved. I have asked for acceptance of my proposals, and if none of the participants in Europe, Japan and the U.S. react negatively, I will assume the proposals are accepted."

European sources said, however, that French opposition would make it virtually impossible for the EEC to agree to the new proposals, thus scuttling the agreement on minimum export credit terms, which expires Friday. West German government officials have previously warned that, failing an agreement, the West could become embroiled in a "catastrophic" export credits war.

EEC Extends Nicaragua Aid

BRUSSELS — The European Economic Community granted Nicaragua \$83,000 worth of food aid Tuesday to help the victims of recent floods.



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U.S. Attorney General Cites Verdict as Need To Limit Insanity Plea

WASHINGTON — Attorney General William French Smith said Tuesday that the acquittal of John W. Hinckley Jr. demonstrates a need for revising U.S. criminal law to narrow the use of the insanity defense.

"Six months or a decade from now, we do not want to look back and see an even longer litany of cases where criminals committed the gravest of offenses and then eluded justice because of fatal flaws in the law," he said.

"There must be an end to the doctrine that allows so many persons to commit crimes of violence, to use confusing procedures to their own advantage, and then to have the door open to them to return to the society which they victimized."

The attorney general opened his statement by noting that "by tradition prosecutors usually do not comment on an adverse decision in a criminal case."

But he said after the verdict his responsibilities as attorney general "require me to stress today the compelling issues concerning public safety."

Mr. Smith said proposals supported by the administration "would end what any realistic observer must conclude is the clear pattern of abuse under current law."

The administration is supporting legislation which, in the words of Associate Attorney General Rudolph Giuliani, would "substantially narrow" that defense.

Under the proposal supported by the administration, if a defendant was found guilty he could later present evidence to the judge that his mental illness prevented him from controlling his behavior.

If he convinced the judge he would be sent to a mental institution rather than to a prison.

Mr. Hinckley's victims, including President Reagan, did not comment about the verdict.

But Treasury Secretary Donald T. Regan called the verdict "absolutely atrocious."

"Frankly, I'm outraged at that jury decision. I think it's wrong. It's not the type of thing that society should condone," Mr. Regan, who also heads the Secret Service, said on television Tuesday morning.

"I think that when a person stalks a leading citizen of this country, shoots him [and] three of the people surrounding him and then goes scot-free, I think that's absolutely atrocious."

The deputy White House press secretary, Larry M. Speakes, said Secretary Regan was speaking for himself, not the administration.

"We have not commented on this matter from day one, and we don't intend to comment now," Mr. Speakes said.

One of the defense psychiatric experts, Dr. William T. Carpenter, director of the Maryland Psychiatric Research Center in Columbia, Md., said he was surprised at the verdict. "It seemed like the odds were very heavy against being able to prevail with an insanity defense."

Dr. David Michael Bear of Harvard Medical School, who also testified for the defense, called the verdict "a triumph of fairness and common sense" and "a victory for modern scientific methods in psychiatry."

Sen. Larry Pressler, Republican of South Dakota, said he was "personally outraged at the whole Hinckley trial," and predicted the passage of legislation to change the insanity plea.

Law Is Blamed

Sen. Orrin Hatch, Republican of Utah, who has introduced such a bill, said on television: "I don't blame the Hinckley jury. They applied the law as it was. I blame the law."

Sen. Hatch said his bill would create a new verdict — not guilty by reason of insanity — under which a person who did not know what he was doing when he committed a crime would be found not guilty by reason of insanity and would be incarcerated for 60 days.

At the end of that time the person would have to prove he would not be a danger to society or would have to serve the time he would normally serve as result of conviction.

Mr. Hinckley's chief defense attorney, Vincent J. Fuller said, "another day, another dollar. I've been here for eight weeks and I guess we are pleased it's over." It was said he would collect more than a half-million dollars for the defense.

Meanwhile, Allen Smith Sr., whose 61-year-old wife, Virginia, served on the jury, said she told him that she and her colleagues "relied on the psychiatrists' testimony."

Mr. Smith, recounting what his wife told him, said: "All the testimony showed that he was insane, not in his right mind."

Tass Sees Bias

MOSCOW (Reuters)—Tass said Tuesday that the acquittal of Mr. Hinckley showed the U.S. legal system was biased in favor of the rich.

In a dispatch from Washington, Tass said the verdict caused bewilderment even among the most distinguished lawyers.



John W. Hinckley Sr. and his wife, JoAnn, walking to court.

Hinckley Wins an Acquittal, Won't Seek Early Release

(Continued from Page 1)

ner world," his failed effort to become a rock music star, his slightly abnormal brain shrinkage, his pet cat named Tigger, his feelings about the film "Taxi Driver," in which Miss Foster had a leading role, and his bizarre fantasies about kidnapping Miss Foster or skyjacking a plane so he could move into the White House with her.

Devastator Bullets

Each victim was struck by one of the six exploding Devastator bullets that the defendant fired in less than two seconds at the presidential party.

Mr. Reagan was hit by a bullet that lodged near his heart.

Among the other victims, James S. Brady, the presidential press secretary, was struck with a bullet that exploded and scattered fragments through his brain; Thomas K. Delahanty, a District of Columbia police officer, was shot in the back; and Timothy J. McCarthy, a Secret Service agent, was shot in the chest.

Mr. Reagan and Mr. McCarthy have fully recovered. Mr. Delahanty retired on medical disability. Mr. Brady is partly crippled and disabled with brain damage and has not been able to return to work.

Mr. Hinckley has never expressed real remorse for what he did to Mr. Brady and the others, according to all the psychiatrists who interviewed him for hundreds of hours for the government and the defense.

The trial began April 27 with the selection of the ordinary people who passed judgment Monday on the problem child of an affluent, self-made Colorado oil and gas entrepreneur.

The jurors, seven women and five men, were predominantly blue-collar workers, ranging in age from 22 to 64, all of them black except one white woman.

On the second day of evidence, May 5, the jurors saw riveting television footage of the chaotic scene

of the shootings and heard dramatic testimony from a Secret Service agent, who had desperately lunged for Mr. Hinckley who was "still clicking the weapon as we go down."

Then there was moving testimony from Mr. Hinckley's parents about how they had barred their son from their home weeks before the shootings, on the advice of a psychiatrist, after watching him going downhill, downhill, downhill "for years, in the words of JoAnn Hinckley."

A classic battle between opposing teams of expert witnesses with their contradictory psychiatric diagnoses and arrays of multisyllabic medical labels dominated 24 of the 32 days of testimony. Seven of the 41 witnesses were psychiatrists and 11 others were also doctors.

The defense psychiatrists portrayed a schizophrenic, deluded, psychotic prisoner of an "inner world" who should be pitied, while the prosecution psychiatrists depicted a selfish, manipulative, lazy parasite, with a few minor personality disorders.

Dr. Dietz described Mr. Hinckley as the rich, privileged black sheep of a good family, who grew up in a world of home swimming pools, dancing classes and ski vacations, who plagiarized papers in college, shunned work, lied to his parents to get money, stole gold coins from them, coveted "his inheritance" and chose assassination as a way of "becoming famous without working."

The defendant elected not to take the witness stand, but dramatized his much-discussed fantasies about Miss Foster in his own way before the jury.

On May 12 he suddenly stalked out of the courtroom during the playing of videotaped testimony by Miss Foster in which she asserted that she had had no relationship with him.

On June 15, he interjected, "you're wrong," when a prison psychiatrist testified that he had not shot the president to win Miss Foster's love.

Hinckley Faces Years in a Mental Institution

In District of Columbia, Burden of Proving Sanity Is on the Defendant

By Marlene Cimons and Jim Mann
Los Angeles Times Service

WASHINGTON — Legal rules and precedents in the District of Columbia indicate that John W. Hinckley Jr. could be confined for many years.

Mr. Hinckley will be housed under tight security in St. Elizabeth's Hospital, a U.S. mental institution. There, he is likely to remain until a judge decides that he is no longer a danger to himself or others.

By law, Mr. Hinckley is to appear again before the trial judge, Barrington D. Parker, within 30 days to have an opportunity to try to demonstrate that — although he was found to be insane when he shot President Reagan and three others — he is now mentally competent and should be set free.

But two of his attorneys, Vincent J. Fuller and Gregory B. Craig, said Tuesday after speaking with Mr. Hinckley that he would not try to seek his release at the end of the 30-day period. Their statement added that their firm will not represent him in efforts to secure his release "until we are satisfied that he meets the criteria for release and that Mr. Hinckley is no longer a danger to himself or to society."

Although the judge set July 12 for a further proceeding, he did not specify the purpose.

The burden of proof to determine his mental competency, should he seek release, will be on Mr. Hinckley. He and his lawyers will be able to submit evidence from the hospital psychiatric team that will evaluate him or from outside psychiatrists.

If Mr. Hinckley is not released in the first hearing, he has the right to demand a new hearing every six months.

The judge will decide at each hearing whether Mr. Hinckley will remain confined to the mental hospital, or whether he is sane enough to be granted a conditional or unconditional release.

Under a conditional release, Mr. Hinckley would continue to live at the hospital, but be given time away from its grounds — either with weekends outside, or a job during the day. With an unconditional release, he would be free to leave.

"Virtually no one is released" at

the first hearing, said Harry J. Fulton, an attorney for the public defender's office in the District of Columbia.

"The law is that this hospitalization cannot be used for purposes of punishment," Mr. Fulton said. "Over the years, people sent to St. Elizabeth's do tend to get out, but in cases involving serious crimes like Hinckley's, people tend not to be released."

Mr. Hinckley's first few months at St. Elizabeth's Hospital, a sprawling red-brick complex established by Congress in 1852, originally to treat the psychiatric problems of sailors, will be spent inside the John Howard Pavilion, also known as the division of forensic programs. Situated about one-third of a mile from the other buildings, it houses the criminally insane.

One doctor said that patients committed there are often moved to the regular hospital within a year.

"I've seen people who've turned

houses, attacked people, raped people who've been out and over to the civil division within a year — and then just walked off," he said. "Obviously that probably won't happen with Hinckley because there's so much charge to it. But I've seen it happen with others, plenty of times."

Today St. Elizabeth's has about 1,600 in-patients and 3,000 out-patients, said Don Coyle, a spokesman at the hospital. The complex consists of about 100 buildings on 340 acres overlooking the Anacostia River in the southeast section of the city.

In the division where Mr. Hinckley will be sent, some of the patients are kept under maximum security, while others can enroll in programs that train them to work in industrial therapy jobs on the hospital grounds, Mr. Coyle said.

There is a distant legal question concerning Mr. Hinckley's future confinement: The law under which he is being held is under challenge in the courts.

In March, the U.S. Court of Appeals for the District of Columbia ruled that procedures in the district for committing persons found not guilty by reason of insanity were unfair and unconstitutional because they imposed tougher requirements than apply in U.S. courts elsewhere in the nation.

That decision is now being reviewed by the full appeals court, which was advised by the Justice Department that its decision could affect the Hinckley case.

Washington is the only federal jurisdiction that requires mandatory, automatic commitment to a mental hospital of persons found not guilty of violent crimes by reason of insanity, and that places the burden on the defendant to prove he is no longer a threat to himself or others.

In all other U.S. courts, such persons would be subject to immediate release, although they might be committed subsequently under civil procedures.

Paris' Elegant Terrasse Fleurie



One dines facing a fountain in the courtyard of Paris' Hotel Inter-Continental.

PETER GRAHAM said in a Herald Tribune article, "(The) celebrated, and often celebrity-packed, Terrasse Fleurie is an Italian-style patio with marvelously gentle lighting... The interesting 165-franc set menu, which includes service but not wine (from the hotel's very well-stocked cellars),

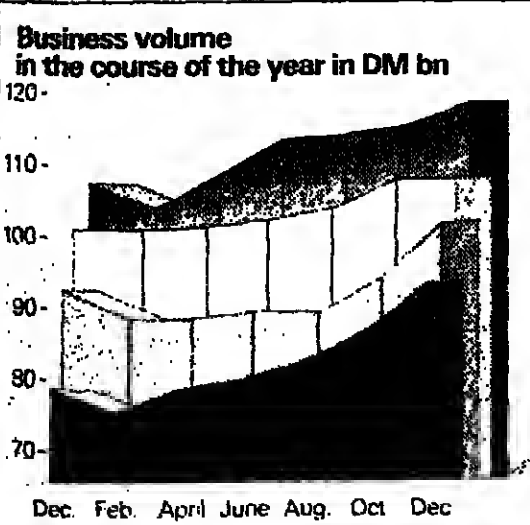
comprises various seasonal hors-d'oeuvres, a main course, green salad with cherry vinegar and the oil of your choice (corn, groundnut, olive or walnut), and a free run of cheeses and impeccable desserts." Other assets: discretion, quiet, and good value. Call for reservations: 260.37.80.

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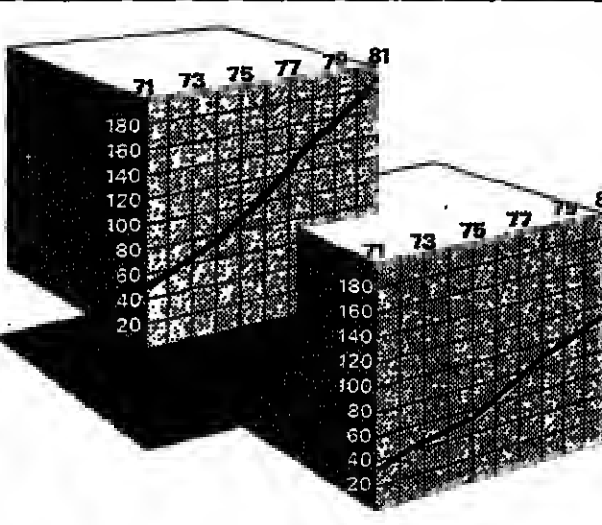


1981. A Year's Work.



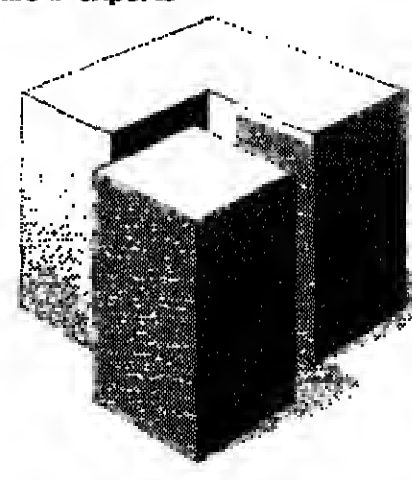
Development of business volume.
■ 1978 □ 1979 ▨ 1980 ■ 1981

Balance sheet total 1971-1981 in DM bn



Development of balance sheet total.
■ Deutsche Bank Group ■ Deutsche Bank AG

Share in exports



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Brisk foreign trade business.

Deutsche Bank strengthened its market share in foreign commercial business. Above-average growth was achieved, especially in the settlement of export business.

Our foreign branches have widened and intensified their business links with local corporate customers. Following the liberalization of Eurobusiness in New York, our New York Branch set up an international banking facility; it is therefore eligible for the advantages resolved by the Federal Reserve Board for international transactions.

In 1981 we again exercised deliberate restraint in syndicated Eurobusiness. We participated only in a number of selected large credits, mainly in the U.S.A., Canada and Mexico.

Expansion of foreign network.

In May 1981, we opened a branch in Barcelona. In September we opened a representative office in Peking. On October 1, Deutsche Bank (Canada) commenced operations in Toronto. It engages mainly in corporate customer business,

as well as in money and foreign exchange dealing, and takes part in project financing.

At the end of 1981, Deutsche Bank operated 13 foreign branches and 7 wholly-owned subsidiaries abroad. Taking our affiliates and representative offices into account as well, we are represented in 53 countries by 90 bases.

Successful foreign subsidiaries.

Deutsche Bank Compagnie Financière Luxembourg expanded its credit volume by DM 4.1 bn. (converted) to DM 17.1 bn. The operating result increased markedly and permitted comprehensive provision to be made for the risks in international lending business. The reported profit of DM 42.3 m. (converted) was — as in the past — allocated to the free reserve to strengthen equity capital.

Our subsidiary in South East Asia, Deutsche Bank (Asia Credit) Ltd., Singapore, was able to consolidate its position further. At year's end the balance sheet total came to DM 2.1 bn. (converted — previous year: DM 1.7 bn.).

Atlantic Capital Corporation (ACC), our

investment banking subsidiary in New York, continued to expand its national and international activities.

A large increase was recorded in business with private and institutional investors and in own-account trading. ACC took part in arranging over 300 issues of new shares and bonds. Over and above that, it again participated in the financing of European companies' investment projects in the U.S.A. (bond financings, leasing transactions, acquisitions etc.).

Deutsche Bank (Suisse) S.A., which devotes its attention primarily to portfolio investment business with our international private customers commenced operations in Geneva and Zürich in June 1981.

Growth in Euro-issuing business.

In international issuing business the emphasis in our activities shifted to the Eurodollar sector. Altogether we acted as lead manager, manager or co-manager for 139 Eurobond issues (previous year: 128). The largest individual transaction under our lead management was a US\$ 500 m. bond issue for the World Bank.

Successful EBIC affiliates.

The EBIC banks, in which we together with our European partner banks in EBIC have a holding, registered good results again in 1981.

European Asian Bank AG, Hamburg, which operates in 11 Asian countries with branches of its own, increased its balance sheet total by 30% to DM 5.3 bn.; European American Bank (EAB), New York, reached US\$ 8.1 bn. and Banque Européenne de Crédit (BEC), Brussels, expanded its balance sheet total by 45% to Belg. frs. 155.7 bn.

European Banking Company Ltd. (EBC), London, European Arab Holding S.A., Luxembourg and Euro-Pacific Finance Corporation Ltd., Melbourne, also recorded considerable growth in their balance sheet totals and operating results in 1981.

Deutsche Bank



Cambodians Sign Anti-Hanoi Pact; Sihanouk Seeks China, U.S. Help

Compiled by Our Staff From Dispatches
KUALA LUMPUR, Malaysia — The leaders of three Cambodian factions united only in their opposition to Vietnamese occupation of their country signed a long-awaited agreement to form an exile government Tuesday.

The coalition joins the forces for the first time of the centralist group headed by Prince Norodom Sihanouk, another faction led by his former premier and now an anti-Communist leader, Son Sann, and the forces of Khieu Samphan, leader of the Communist Khmer Rouge, which is still recognized by the United Nations as Cambodia's government.

Reflecting on the seeming unlikelihood of their alliance at a press conference where all three leaders were present, Prince Sihanouk said his followers had to choose between the Vietnamese colonizing Cambodia as a Soviet satellite on one hand and a former enemy, the Khmer Rouge, on the other.

New Peking Aid

"It is crude but patriotic," he summed up.

The 60-year-old former Cambodian leader, who said earlier he has been promised more military aid

by Peking now that the coalition had been formed, also called for military help from other friendly countries.

Mr. Khieu Samphan, whose forces number about 30,000, said his Peking-backed faction is committed to making the agreement work. He said free elections will be held once the Vietnamese are driven out.

The accord ends almost two years of negotiations that ebbed and flowed with the ideological differences and mutual suspicions of the parties.

No Military Aid

In Hanoi, Vietnam expressed regret at the involvement of the non-Communist Association of South East Asian Nations in what it described as "a mouster created by Chinese expansionism and U.S. imperialism."

The ASEAN alliance and several other countries welcomed the coalition, but said they would confine support to political and humanitarian backing, not any military aid.

Supporters of the coalition believe it will reinforce the exile government's credentials at the United Nations, where Cambodia is

still represented by the Khmer Rouge, although it was internationally condemned for repression and relocation policies during three years of rule.

The agreement retains the separate identities of the three groups and their forces, but Prince Sihanouk told a news conference that guerrilla resistance will be coordinated. He has no forces under his command but becomes president of the exile government established under the agreement.

He said he hopes to visit the United States soon in a bid for assistance, and U.S. officials have said they will consider non-military aid to the anti-Communist elements of the coalition.

40,000 Guerrillas

The new president-in-exile conceded that with only an estimated 40,000 guerrillas operating along the Thai border, the coalition has little chance of ejecting the occupying Vietnamese in battle. The guerrillas, however, can make the occupation costly, Mr. Son Sann, 71, heads about 9,000 guerrillas.

Vietnam drove out the pro-Chinese Khmer Rouge government after invading on Dec. 25, 1978, and



Prince Norodom Sihanouk

with Soviet backing installed a pro-Hanoi government in Phnom Penh.

Support for the Cambodian resistance movement against the Vietnamese has been reserved because of the brutal record of the Khmer Rouge government under Pol Pot. The three leaders are expected to return soon to guerrilla enclaves in western Cambodia. It would be Prince Sihanouk's first return since he fled from Phnom Penh, where the Khmer Rouge had him under house arrest, just ahead of the advancing Vietnamese.

Stockman Says Reagan Will Probably Propose Flat-Rate Income Tax

By David S. Broder

Washington Post Service

WASHINGTON — President Reagan is likely, as part of next year's budget, to propose moving from the progressive income tax toward a flat-rate tax in which people at all levels of income would pay about the same percentage of tax.

David A. Stockman, director of the president's Office of Management and Budget, said Monday that he did not "want to minimize the difficulty" of drafting a plan that would abolish progressive tax rates — which rise along with income — and most if not all deductions. But he added that he "would not be surprised if it was part of next year's budget."

"It's very much our intention to move in that direction," he said, adding, "the president is highly sympathetic to the flat-rate, broad-based tax idea."

Mr. Stockman's statement, at a luncheon with reporters, was the strongest indication so far from any senior official that the administration is embracing the flat-rate tax idea, which has attracted increasing interest on Capitol Hill. The secretary of the Treasury, Donald T. Regan, said Friday that current policies were under review, in case the economic recovery now believed to be just starting is aborted by continued high interest rates. Other sources speculated that moves might be initiated to curb the independence of the Federal Reserve Board.

Preparing Amendment
But Mr. Stockman said he did not "expect any fundamental change in fiscal or monetary policy," and said most of the exercise was aimed at preparing ammunition to rebut calls for a change in direction from members of Congress.

Arguing that the advent of the midterm election at a time when the economy is emerging "from a serious disinclination" is certain to bring calls for "quick fixes and panaceas," he said "we've got to be prepared to fight and defeat" such ideas as credit and wage-price controls.

As for the idea that the Fed's independence should be limited by putting it under control of the Treasury, he said that is "a definite minority" view in administration economic circles.

White House spokesmen also minimized the significance of Mr. Regan's comments.

Mr. Stockman declined to guess about the direction of interest rates but said that reports the government would use the credit markets by borrowing \$90 billion in the remainder of this year were excessive. He said borrowing in the third quarter would be in the \$30-billion to \$35-billion range and implied that the last quarter's figures would probably be no higher.

Mr. Regan said Monday that Treasury was studying all aspects of economic policy, not just monetary policy.

taxpayers use to reduce their obligations would be abolished.

Proponents of the idea say it would simplify filing, end wasteful tax shelters and curb "the underground economy." Critics say it would be a boon to the rich, cutting their taxes much more than those of the poor. They also say it could jeopardize such special enterprises as the housing market and charities, unless exceptions were made to continue the tax deductions for mortgage interest and charitable giving on which they heavily depend.

Mr. Stockman acknowledged the difficulty of the issues that would be raised by a flat-rate tax, but said it had priority, along with health and hospital cost-containment proposals, in the early thinking about the fiscal 1984 budget.

While previewing next year's administration program, Mr. Stockman also discounted reports that there was a major review under way of current economic policy.

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U.S. Air Force to Expand Military Activity in Space

By Richard Halloran

New York Times Service

WASHINGTON — The Air Force has announced the formation of a Space Command to expand U.S. military operations in space, including future shuttle flights with national security missions.

The command, which is to start operating Sept. 1 in Colorado Springs, will also assume operational control over surveillance, warning and weather satellites, such weapons as the anti-satellite system that is due to become operational in 1987 and such futuristic weapons as lasers.

Under the Reagan administration, the use of space for defense has been given high priority. The Defense Guidance plan, recently approved by Defense Secretary Caspar W. Weinberger, sets a strategic policy for the next five years. It states: "U.S. forces should exploit opportunities through the use of space for increasing effectiveness at all levels of conflict."

Contingency Planning

The guidance document instructed the armed forces to prepare with prototypes of "space-based weapons systems so that we will be prepared to deploy fully developed and operationally ready systems should their use prove to be in our national interest."

Monday's announcement by the Air Force chief of staff, Gen. Lew Allen Jr., was apparently intended as a counter to the Soviet Union after Secretary of State Alexander M. Haig Jr. disclosed over the weekend that Moscow had conducted an extensive missile exercise that included an anti-satellite firing.

Gen. Allen said that the Soviet maneuver was remarkable for its complexity and that it underscored the "great determination" of the Soviet Union. But he declined to disclose details of the operation.

The Space Command will undoubtedly give the Defense Department more say in operations of the National Aeronautics and Space Administration. But a spokesman at the space agency said this caused little concern there since the Defense Department was a leading user of NASA space vehicles.

The next and final test flight of the space shuttle Columbia will carry a Defense Department payload. This flight will remain under the control of NASA.

Gen. Allen said the formation of the Space Command was key to the success of the Columbia, which has made three trips into space. He said that such operations were becoming routine and repetitive.

President Reagan may use the occasion of the landing of the Columbia on July 4 for a speech on his administration's space policy.

On future shuttle flights with military objectives, the Defense Guidance plan said: "The Department of Defense will plan, control and operate national security shuttle missions. To maintain secure military space operations, the military space program will be conducted in such a manner as to diminish the enemy's knowledge and capability to discern specific missions among the population of national security satellites."

A space shuttle named Challenger is scheduled for its first flight about a year from now. Later, a fleet of four or five shuttles is scheduled for more than 300 excursions into space, with military payloads to be carried on more than 100 of the flights.

China Sharpens Criticism of U.S. Over Korea

By Michael Parks

Los Angeles Times Service

PEKING — As the strains in U.S.-China relations continue, China is starting to take a much sharper line with the United States over Korea, denouncing it for "hegemonist interference" and demanding the withdrawal of American troops from South Korea.

Chinese Defense Minister Geng Biao, who is currently heading a top-level military delegation to North Korea, has gone further than any Chinese leader in several years in criticizing the United States. The criticism has suggested to some diplomats here a significant deterioration in the strategic understanding that Washington

believed it had with Peking on this and perhaps other issues.

The continued stationing of U.S. forces in South Korea and Washington's support for the regime of President Chun Doo Hwan has placed "serious obstacles to North-South dialogue and reunification of the country," Mr. Geng told a weekend rally in Pyongyang, the North Korean capital.

"This has revealed more clearly the hegemonist features of the United States, which unscrupulously violates other countries' sovereignty and interferes in their internal affairs," he said.

Mr. Geng called in this and other speeches for the pullout of U.S. forces in South Korea. The official North Korean news agency quoted him as demanding the "immediate withdrawal" of U.S. forces, though the official Chinese news agency did not.

Mr. Geng described the continued presence of U.S. forces as part of an American "plot to create 'two Koreas.'"

This was clearly intended to echo Peking's charges that continued U.S. arms sales to Taiwan are part of a "two Chinas" policy of the Reagan administration and that the arms sales constitute a gross interference in China's internal affairs.

Mr. Geng several times linked Taiwan's reunification with the Chinese mainland to the reunifica-

tion of the divided Korean peninsula. At the same time, he strongly reaffirmed the alliance between Peking and Pyongyang.

Two years ago, Mr. Geng was in Washington promoting U.S.-Chinese strategic cooperation. His denunciations in North Korea followed the declaration by Premier Zhao Ziyang during another Pyongyang visit six months ago that U.S. troops in South Korea were the principal cause for tension in the region.

"The continued existence of this abnormal situation is the result of the presence of U.S. troops in South Korea and the wanton intervention of the United States in the internal affairs of Korea," Mr. Zhao asserted. "This is a major factor in the instability of northeast Asia."

Mr. Zhao's statement startled Western diplomats here for it broke the pattern of the last three or four years of endorsing North Korea calls for a U.S. withdrawal but going no further.

"If you take Zhao's statement, then Geng's and add all the other signs of greater support for North Korea, you have to see a significant shift in the Chinese position," a senior Asian diplomat said. "This in turn means that whatever understanding Washington thought it had over Korea has been greatly eroded."

Until Mr. Zhao's declaration at least, U.S. officials did assert that a large measure of understanding had been reached with Peking over Korea — that China wanted a stable situation in northeast Asia that it would restrain the North Korean leader Kim Il Sung, that it accepted a continued U.S. military presence as a check on the Soviet Union if not a balancing factor on the Korean peninsula.

When Mr. Zhao's statement was not immediately repeated and Chinese news media all but ignored the visits to South Korea this spring of U.S. Defense Secretary Caspar W. Weinberger and Vice President Bush, Western diplomats dismissed it as simply rhetoric meant to please the North Koreans.

But Mr. Geng's statements, given considerable publicity by the Chinese news media, appeared to many Western diplomats here to reflect a shift in Peking's policies. "It may be just an aspect of Peking's willingness to point out more emphatically its differences with the United States," one Western diplomat said.

"China has increasingly called the United States a hegemonist power and criticized its policies in the Middle East, southern Africa, Latin America and even Western Europe, South Korea, however, is undeniably more sensitive."

U.K. Police Seek Leads in Death Of Italian Banker

The Associated Press

LONDON — London investigators appealed Tuesday for information about the last days of Italian banker Roberto Calvi, the central figure in an Italian financial scandal who was found hanging from a bridge here Friday.

"Mr. Calvi had been missing from his home in Italy for seven days, but we still don't know how long he had been in England or where he had been staying," a London police spokesman said, adding that Calvi has been uncovered so far to suggest the death was anything but a suicide.

Mr. Calvi, 61, president of one of Italy's largest commercial banks, Banco Ambrosiano in Milan, died three days before he was to appear in court in Italy to appeal against a two-year sentence and heavy fine for currency offenses.

A day before Mr. Calvi was found dead, his personal secretary, Graziella Teresa Concorcher, 55, jumped to her death from the fourth floor of the Milan bank, leaving a note cursing him "for all the wrong he is doing to all of us from the bank."

Pym Set to Visit Portugal

Reuters

LONDON — Francis Pym, the British foreign secretary, will pay an official visit to Portugal on Thursday and Friday, the Foreign Office announced Tuesday.

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Herald Tribune

Published With The New York Times and The Washington Post

On Dealing With Begin

A truly difficult question has vexed Washington since Israel invaded Lebanon a fortnight ago. Should America be guided first by its shock at the expanding purposes and the terrible, excessive human costs of the Israeli operation — which still goes on? Or should it accept and try to exploit the political and perhaps also strategic openings created by that operation?

To put it another way, can the United States reasonably expect to criticize Israel on one front and yet gain its cooperation on another? Or must it choose?

Secretary of Defense Weinberger went public on Sunday with his view that the United States should in the first instance come down hard on Israel in order to show Arab friends that it does not condone Israel's "unilateral resort to military force." Secretary of State Haig, on the other hand, has tended to soft-pedal such criticism of Israeli policy, the better to be able to work with Israel to take advantage of Syria's and the PLO's disarray in order to rebuild a central government in Lebanon. President Reagan, receiving Prime Minister Begin on Monday, went with Secretary Haig.

Whether he was right to do so will depend on how his decision is put into effect over time. It would have been uncharacteristic of Mr. Reagan, and cruel to Israel, not to support the originally stated Israeli purpose of combating border terror. It would have been equally uncharacteristic of Mr. Reagan, and cruel to Lebanon, not to support the later revealed Israeli purpose of reconstituting "Lebanon for the Lebanese."

An important reason the other Arabs reacted so mildly to the Israeli attack, after all, is that they knew there was no defense of Syria's and the PLO's earlier depredations.

It would only compound the damage if an opportunity were lost to restore order in Lebanon and perhaps also to produce peace between Lebanon and Israel.

But the instinct behind Mr. Weinberger's critique is sound. He is expressing the widespread revulsion felt at Israel's tactics, which have cost it dearly in American opinion. It would have been much better if Mr. Reagan had associated himself directly and explicitly with Mr. Weinberger's passionate concern for the innocent victims of Israeli guns in Lebanon. He still should give voice to the common sense of outrage in America.

Secretary Weinberger believes that Israel's conflicts with its neighbors ought to be handled by political and diplomatic means. It is true that no nation can be expected to deal with imminent threats of terror strictly by a slow political or diplomatic process. But Mr. Weinberger is on the right track. Israel faces continuing terror in some considerable measure because it has not done its share to treat legitimate Palestinian grievances; others, including Palestinians, have their own responsibility.

The heart of the problem does not lie in Lebanon, but in the West Bank and Gaza, the Palestinians' natural home. To judge by Monday's reports, Mr. Reagan still lacks the foggiest notion that this is the core issue. He appears to have swallowed uncritically Mr. Begin's line that a limited law-and-order problem was all that had to be dealt with.

If this is so, the results are predictable — for the region, a continuing condition of instability; for Israel, a continuing estrangement from the Arab and Moslem worlds, and for the United States, a continuing difficulty in pursuing its many regional interests.

THE WASHINGTON POST.

New Magic for Britain

"The possibility of perfection," we said just a year ago, "is, in the end, what a royal wedding is all about. It is inconceivable that the diamonds will be fake, the trumpets out of tune, or the horses spavined nags."

The possibility of perfection is, in a way, what a royal birth is all about, too.

It is inconceivable that Baby Boy Windsor won't be dripping in lace at his christening. Won't ride in a well-sprung pram pushed by a well-trained nanny. Won't own a silver spoon, not to mention a silver knife, fork, pusher and cereal bowl. Will ever be dragged

screaming through fifth-floor furniture while his parents shop for a couch.

Bald, cranky and confused though he may be — like every other newborn — this baby is a prince. Princes and princesses fuel fantasies. No wonder the British are rejoicing, or that one of the women who waited hours outside the hospital exulted: "The world must really envy us." The first child of the Prince and Princess of Wales is not only a new link in an old and cherished chain but new magic for a nation's imagination.

THE NEW YORK TIMES.

Other Editorial Opinion

Thuggery Fails on Both Sides

Since the Israelis are the most powerful state in the region, it is to Israel first that the pressure for a cessation of the spiraling violence must be applied. Doubtless Mr. Reagan attempted a gentle remonstrance with Mr. Begin, but he will certainly have met his match. The polite language of the aide-memoire and the up-to-a-point curved eyebrow are lost on a man with the title of a statesman and the instincts of a street fighter.

It means that F-15s will have to be canceled and the money supply turned off until such time as the dissenting Israelis, of whom there are many, carry their point at home that thuggery having failed on both sides it is

time for one side — the one with the initiative — to try a totally different method.

— From The Guardian (London).

'Great People, Miserable Leaders'

General Galtieri defended a senseless position in the war with Britain. The only thing that mattered to him was keeping his post and lying further to the Argentine people. He got the bill for his Falklands adventure, and the price is the failure of a dictatorship.

At this moment of defeat and bitter humiliation for Argentina, it is necessary that everyone, but particularly the Argentines themselves, differentiate clearly between the great Argentine people and their miserable leaders.

— From Jornal do Brasil (Rio de Janeiro).

LETTERS TO THE EDITOR

The 1948 Truce

In the early 1950s at the United Nations, Ralph Bunche said to me that he regretted having arranged the cease-fire between the Arabs and the Israelis so early in 1948. He felt that if they had been allowed to batter each other for a few more weeks they would have been ready to settle for a formal peace rather than the evanescent truce that he finally negotiated.

HERBERT MAZA.

Aix-en-Provence, France.

Lebanon in 1982

On the front page of your June 18 issue is a photograph of an Israeli soldier getting "reacquainted" with his girlfriend in Tel Aviv after 10 days in Lebanon. At a time when Lebanon was bleeding so many lives, could you not have paid more respect to the victims?

NABIL SAAB.

San Jose, Costa Rica.

Norman Podhoretz ("The U.S. Should Applaud Israel," IHT, June 18) unfortunately omits to mention that many Palestinians lost their homes in the territory they have been shelling. How would Mr. Podhoretz feel in such circumstances?

If Israel's moral strength is capable of matching its military might, it should now do everything in its power to stop the

bloodshed and initiate a settlement for the Palestinian people in a territory where they can live in peace and manage their affairs.

HARRY SPIRO.

London.

Gurkhas' Flags

When British and American fought in Angola they were called mercenaries. What should Nepalese fighting for the British in the Falklands be called?

Why should Nepalese Gurkhas help Britain to plant the Union Jack in the South Atlantic? Don't they have a flag to fly in their own zone of peace?

R.K. SINGH.

St. Gallen, Switzerland.

Falklands/Malvinas

In response to several letters, it should be observed that Argentina's boast that it occupied the Falklands without shedding the inhabitants' blood means nothing in law. Armed robbery is no less armed robbery for the avoidance of bloodshed.

And we are warned that Argentina, in its resentment, will exact a heavy price in its future relations with the United States. But the United States is used to Argentina's irresponsibility.

The only time since its independence that Argentina moved onto the center stage of world his-

tory was when it provided German U-boats with the sailing schedules of Allied merchantmen. Argentina should be eternally grateful that at the time the Allies wiped the Axis off the face of the Earth they forebore settling the account with Buenos Aires.

There is, in brief, no reason to take its threat seriously. In fact, a Soviet presence in Argentina might be the one thing likely to make Argentina grow up.

DAVID WINGATE PIKE.

Paris.

With regard to the advisability of President Reagan's commitment to Britain, or Mrs. Thatcher's ability to deal generously with the Argentines once total vindication is gained, permit me to quote a member of the House of Commons, writing in the London Chronicle on Jan. 29, 1978 — that is, the year before peace was signed with America:

"It will be in the interest of America to continue united with Great Britain. The two countries [can] contribute to each other's prosperity, and if anything is likely to prolong, to ages too remote for probable conjecture, the freedom and the prosperity of this Kingdom, I conceive it would be the connection which may be formed with ... America."

H.S. STROUT.

Malaga, Spain.

A Presidency Hard Beset

President-Bashing Can Be Dangerous

By Henry F. Graff

NEW YORK — So, President Reagan is already being shown the door. The sharp decline in his popularity that we see in the public opinion polls suggests that the people are ready to wash their hands of him in the usual length of time they give a president to satisfy them these days.

Ronald Reagan, the media report, is out of touch with details, mindlessly zealous in defending a failed economic strategy, embarrassingly willing to retreat from his foreign policy, a rich man deaf to the anguish of his fellow citizens. Whoever follows the news can choose among epithets: Reagan is naive, or simple, or foolish, or lazy, or senile — or some combination of these labels. At the very least, the story that emerges is of a president caught between his ideology and his lack of competence.

America is on the verge of seeing a fresh failure in the White House — the fifth in a row. Where as the presidency was once considered an eight-year term, it has now become into a political office that its holder can barely last out the first term. Impatience and enmity, more and more uninhibited each year, control the public and turn the national mind to constantly seeking the next savior, and the next. We are only a year and a half into this administration, and already the "presidentbashing" for 1984 are being appointed.

How prodigal the people are with their supply of chiefs. But in discarding them like "squeezed-out oranges" — as Theodore Roosevelt put it — what are the "facts" that the electorate relies on?

Lyndon B. Johnson, the ablest congressional politician of this century, was somehow metamorphosed into a riverboat gambler unworthy of his high place. Gerald R. Ford, the best athlete ever to sit in the oval office, became a caricature's delight, and a cash-strapped stumblebum. Jimmy Carter, the outsider brought in to straighten out the mess, became a failure because he was not an insider. Not since Dwight D. Eisenhower has a chief executive served two full terms or left Washington with cheers ringing in his ears.

What happens now as yet another president is shoved toward the abyss? The possibilities are several.

One is that voters will scan the field and try to find a new face and program and "magic." The hope of a new grandiloquence the public is led to hear the most newsworthy assurance that he can save the country as no one else can.

Or, the people will conclude, at last and reluctantly, that today's problems are intractable and that a manager like the incumbent cannot do no worse than anybody else and no less effective than any one is going to get. Settling for a president instead of choosing one would be a new departure.

A third, truly portentous possibility is the further decline of attention to politics, the further downgrading of politics as an instrument for running America and solving its problems. The disillusion and disaffected might then set the nation to creating another kind of institution to put in place of the moribund presidency.

The attacks on Reagan are the

latest in a demigration of the presidency that has gone on steadily for two decades. They are not only directed against presidential policies but also against the president's power to exercise his mandate. The question still moot is whether Reagan deserves another term must be embraced in the larger question of whether any president is permitted to appear deserving of popular re-endorsement.

If Reagan goes, too, the world will see that America is again shacking and paralyzing its highest leader, and will say that faith in leadership itself, which is traditionally shown by re-election, no longer flourishes. It will say that the battle for power is what the people enjoy about democratic government, that the actual exercise of power only irritates and unsettles them. They want miracles but the hands that might perform simple good works.

The eerie picture of three rejected presidents standing together at Anwar Sadat's funeral showed a common respect for the martyred Egyptian, but it also delivered a message to the world of Americans' fickleness and improvidence with political talent.

Another early retirement from the White House will send yet another message. It will say that Americans no longer value continuity of policies and the resulting predictability of the public routine necessary to stability and concord.

The writer, professor of history at Columbia University, specializes in the presidency. He contributed this comment to The New York Times.

Tests for a Secretary-General

By Jonathan Power

UNITED NATIONS, N.Y. — The United Nations is down but not out. Undoubtedly it has just taken two mighty blows to its self-esteem — the refusal of Britain and Argentina to settle their dispute through the good offices of the new secretary-general, then Israel's lunge northward through and around the UN force in Lebanon.

Yet, as Javier Pérez de Cuéllar remains a visitor, much of the criticism is based on false notions of what the United Nations can do. He didn't fail to find a Falklands solution "because we weren't up to it," he said, "but because we could not find the necessary political agreement from the two sides. The secretary-general cannot present a formula and say, 'You have to accept it.'"

Mr. Pérez de Cuéllar was speaking before a planned lunch with Prime Minister Margaret Thatcher this Wednesday. "I assure," he said, "that at some stage the Falklands will come back to the United Nations."

It is easy to forget, now that the Falklands battle is over, how close together he got the British and the Argentines in the mid-May negotiations. A widely held view is that at one point in the talks the Argentines should have realized they were being given almost everything they wanted — withdrawal of the British forces and an open check on sovereignty. But they couldn't bring themselves to make a deal.

Four or five precious days slipped by, and by the time the Argentines realized their mistake the British had hardened their position and the window of opportunity had closed.

The history lessons that the secretary-general could be right about the likelihood of further

negotiations. The world body is at its best in opening doors to staircases that let people climb down with some saving of face.

It did it in the case of the Cuban missile crisis of 1962, when acting Secretary-General U Thant appealed to the Soviet Union to turn back its ships, and to the United States to end the quarantine of Cuba.

As Conner Cruise O'Brien has observed, "Everybody knew that there was no need for the quarantine if the ships turned back. Still, it was the best that Khrushchev could get, and he made the most of it. As he turned the ships round, he presented this climb-down as another example of Soviet respect for international law and compliance with the principles and procedures of the United Nations."

The Falklands solution is probably some months away. Mrs. Thatcher needs to consolidate her position and clear up the mess on the battlefield. The Lebanon pot, on the other hand, is boiling away, and the United Nations is in it up to its neck.

The Israelis did make the UN Interim Force in Lebanon look impotent, but Friday the Security Council renewed Unifil's mandate, and the talk is of strengthening its presence.

"People have a tendency," the secretary-general said, "to confuse what the UN did in Korea in 1950 and its role today as a peacekeeping operation. In 1950 it was a United Nations fighting force. The UN troops were from the United States, France, Turkey, Colombia and Australia. They were there to fight the North Koreans, to fight and die for the UN cause."

The history lessons that the secretary-general could be right about the likelihood of further

self-defense. They cannot shoot the Israelis if they are not attacked by the Israelis. And the Israelis have not attacked directly. They bypassed our forces."

No one at the United Nations can see clearly what is going to happen in the Middle East. Yet the UN Interim Force in Lebanon, after a few days of being totally out of the picture, is again being clutched at. The United States is unhappy with the Israeli desire for American troops to police Lebanon. The Soviets would prefer Unifil to the Americans or troops from other NATO countries.

"Everybody's begging me to maintain Unifil," Mr. Pérez de Cuéllar said. "Even the Israelis have cooled down. They don't like the UN at all, but even the Israelis want Unifil to stay. It's a stabilizing element."

It is exceedingly doubtful that after the Korean experience the Soviets will ever again allow the United Nations to have its own fully fledged fighting force. But there are people here who don't dismiss the possibility that if the superpowers consider that the price for stabilizing that part of the Middle East is to allow Unifil to move to some point midway between "self-defense" and a "fighting force," they might decide it would be worth paying.

This last month has rocked the United Nations. Yet on one point there seems to be something of a consensus: The stature of the new secretary-general has been increased. Still uncertain is whether he can translate this into the one thing that matters — a less divided and violent world.

A delegate wonders, "Does he have sufficient energy to do his job? He has the opportunity at hand?"

The writer is a senior editor at the International Herald Tribune.

Trust in Security Fades

By Robert J. Samuelson

WASHINGTON — Since World War II, Americans have believed economic insecurity could be eradicated with the proper medicines. People could be shielded from the arbitrary whims of the market. Social Security embodied the curative ideal.

Recession is crushing that ideal. Unemployment is still about 10 percent. Big firms have gone bankrupt. Companies that have rarely laid off workers (such as Texas Instruments) have done so.

Many Americans have never witnessed such upsets. Bob Greene, a young columnist for the Chicago Tribune, put it this way in a column on the Branniff bankruptcy: "The business community seems to be entering a time of greater despair than anything younger Americans can remember."

It is occurring to many people that we're all in this together. Unemployment, once the worry of a small minority, is reaching into all classes. There is fear that things that were expensive before — such as a college education or a single-family home — may be unaffordable now, and a sense that life involves more uncertainty and struggle than before.

Ultimate security may always have been an illusion, but it was an illusion toward which America groped for three decades. Beginning with the 1946 Employment Act, government increasingly sought to moderate the business cycles and minimize joblessness. The "war on poverty" and greater spending for education, health and housing were collective efforts to deny unfettered markets the final say over peoples' lives.

Private enterprise also embraced collectivism. Many large companies (notably IBM) refrained from laying off workers in slack periods. Auto and steel unions negotiated supplementary unemployment benefit programs. Private pensions gave added protection.

Social Security for retirement is in a sense the last barricade against the forces that threaten this vision. Most other social programs have been cut in the past few years, but Social Security has withstood all assaults. Its survival is, in some ways, remarkable because, in an economy where many other groups are hurting, it is difficult to demonstrate that the

elderly deserve special treatment. Between 1975 and 1981, average social security payments rose 66 percent, while average wages increased only 60 percent. A recent poll found that a far larger proportion of the elderly (57 percent) than the general public (35 percent) say a lack of money is not a problem in their lives.

The evidence is, of course, that everyone cannot achieve permanent security. Oil price increases and growing dependence on foreign markets have limited America's control of its economy. More important, the quest for security destroys itself by fostering inflation. When expansionary policies always promise low unemployment and the fear of joblessness erodes and so does wage restraint.

So today's new insecurities exist almost as a gut appreciation that the quest for security may be futile and even responsible for some of the present predicament. The attempt to satisfy everyone's desire for job security and rising living standards led to inflationary policies and money growth. The recession caused when the Federal Reserve stopped the game by slowing down money growth.

All this marks a continuing eclipse of Depression-era psychology and politics. The reaction against the mass sufferings of those years moved people to build fortifications against any recurrence. Few ideas have animated so much subsequent history as the quest for security. It conceived Big Government and tamed the worst aspects of unrestrained capitalism.

But what is now evaporating is the belief that ultimate security is possible. The remarkable thing about the current recession is the mid political and public reaction. Neither the Republican White House nor the Democratic Congress has rushed forward with ambitious anti-recession programs.

The skepticism implicit in this restraint may not be altogether bad. Things that were once taken for granted (like having a job or owning a home) may no longer be, and there may be a restoration of values, perspective and individual responsibility. But along with these come possibilities of more social conflict. Old assurances pass and new uncertainties accumulate.

National Journal.

The West in Decline?

By Huan Xiang

The writer is a vice president of the Chinese Academy of Social Sciences. This article was excerpted by World Press Review from the Beijing Review.

PEKING — Most Western economists are pessimistic about the possibilities for the capitalist economy, and many are also pessimistic about the world economy in the rest of the century.

From 1945 to 1974 the average annual industrial growth rate in the West was about 4 percent. Since the economic crisis of 1974-75 the average has been less than 1 percent. Some Western economists assert that this situation is unlikely to improve substantially before the end of this century.

After World War II the United States dominated the capitalist world. There was a production system controlled by the Marshall Plan and U.S. multinational corporations. Production in all capitalist countries was under the influence of U.S. science and technology, and under U.S. control.

Second was the trade system, with the United States at the core, based on the General Agreement on Tariffs and Trade, which reduced barriers and generated brisk trade among capitalist countries.

Third was the monetary and financial system established at the 1944 Bretton Woods conference. This made the U.S. dollar a reserve currency as acceptable as gold, and set a fixed exchange rate between the dollar and gold that remained

constant until 1968 and relatively stable until 1972.

As a result of the powerful U.S. productive forces, the trade and monetary systems and the deferred demand for equipment and consumer goods that was left over from the Depression and the war years, the capitalist economy grew steadily from 1945 to 1973.

Now all three systems have collapsed. U.S. multinational corporations remain powerful, but no longer do they dominate every field worldwide. GATT has lost its power in the Western industrial countries and plays a role only in connection with certain Third World products such as textiles and leather. And the monetary and financial system with the U.S. dollar at its center was broken down. The capitalist world is confused and weak. It has failed to cope with the present economic crisis, let alone reverse the trend and get back on the road to development.

In the predictable future no Western country will gain the dominant position formerly held by the United States. There are three centers: the United States, Western Europe and Japan. It was the Third World's low-priced energy and cheap materials that expedited the West's development. That has changed.

Reviewing That 1981 Budget Fiasco

By Stephen Klaidman

didn't. Instead came the worst recession since World War II. Congressmen on both sides of the aisle felt they had been had. The Democrats were embarrassed — but now the atrophying economy, the 9.5-percent unemployment rate and the president's faltering popularity gave them ammunition with which to fight back.

Another factor that contributed to the long budget stalemate was the breakdown in party discipline. Changes in the last dozen years — the proliferation of primaries, the rise of political action committees and the watering down of the seniority system in Congress — have weakened party authority. It is thus easier to form new coalitions for or against the president.

House Speaker Tip O'Neill looked painfully ineffectual after last year's budget resolution was steamrolled through the House by the administration's high-powered political machine. Lacking the disciplinary weapons of a partisan whip, he could not keep his troops in line. But this time, with the economy in bad shape, he was able to do a bit better.

Partly because of fragmentation within the parties, nine separate budgets were offered and eight rejected. There is no longer a clear Democratic-Republican split on issues of social and military spending. Differences are drawn more along regional than party lines.

A final and perhaps critical factor in the 1982 budget battle was that for a long time the president stood aloof. Even at the end, his public comments were lukewarm, as were his personal approaches to wavering House members. He told them that drafting a budget was their business and that he was letting them go about it.

Remaining above the fray was a political calculation aimed at letting House Democrats take the heat for obstructing the budget and ultimately for sabotaging Mr. Reagan's economic program.

The final House-Senate compromise budget will not give the president everything he wants, but much of it. If the economy has not turned around by November, he will try to blame the Democrats for the continuing slump.

International Herald Tribune.

June 23: From Our Pages of 75 and 50 Years Ago

1907: Narbonne Is Dazed, Angry

NARBONNE, France — Narbonne seems dazed by the recent tragic events following on the revolt of the winegrowers, and is living in a state of suspended animation. Small groups of townspeople stroll listlessly around little fountains surrounded by bunches of faded flowers, sinister mementos of the unfortunate shot down in the collision between the troops and populace, which already is spoken of as the "Massacre de Narbonne." Some 30,000 troops are concentrated in and around Narbonne, and a strong sentiment of hostility toward them rankles in the hearts of the population. Anyone whose face strikes the inhabitants as of foreign origin is stopped and ordered to prove his identity.

1932: Hoover Urges Disarmament

WASHINGTON — A proposal to reduce the world's armaments by one-third has been made by President Hoover. "The time has come," he said, "when we should adopt some broad and definite method of reducing the burden of armament that now lies upon the toilers of the world. This would be the most important world step that could be taken to expedite economic recovery." The proposal was approved by the majority of the delegations at Geneva, but objections were raised by the French and Japanese. The French objected that the Hoover proposals made no account of security. French newspapers emphasized that they represented a move with a view to the coming U.S. presidential elections.

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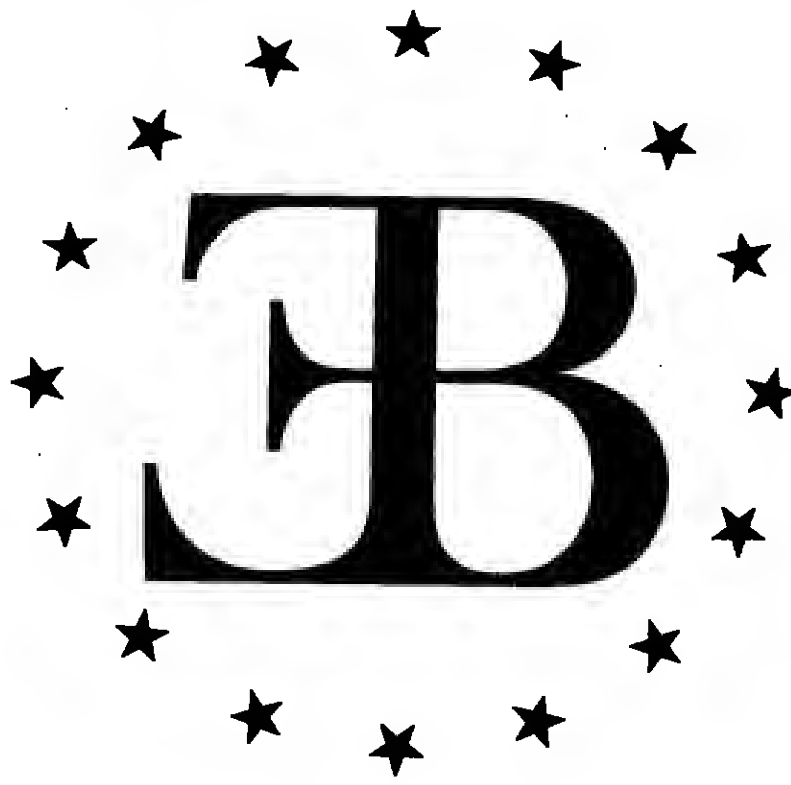
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BUSINESS / FINANCE

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BUSINESS BRIEFS

Pemex to Sign \$400 Million Credit

LONDON — The Mexican state oil company Pemex is scheduled to sign a \$400 million one-year Eurocredit next week, lead manager International Mexican Bank said Tuesday.

The loan, raised to finance oil exports to Spain, will carry a margin over London interbank offered rates of 1/2 point, it said. A club of about 10 banks provided the money, it noted, with banks taking \$50 million receiving a 1/4 percent fee, and those providing \$25 million getting 1/8 percent.

AEG to Seek Federal Shareholding

BERLIN — The supervisory board of electrical company AEG-Telefunken has agreed to make a fresh approach to the federal government to persuade the authorities to take a shareholding in AEG, works' council chairman Hans Rubke said Tuesday.

Mr. Rubke, who is also deputy chairman of the supervisory board, said the board, at a meeting Monday, postponed a decision on the management board's plans to divide the company into two main subsidiaries and then seek new partners to take shares in the capital and consumer goods sectors. A previous request to Bonn received a cool response.

Meanwhile, management board chairman Heinz Doser told the general meeting Tuesday that AEG-Telefunken is likely to have group operating losses this year of about 550 million marks. In 1981 AEG had a group operating loss of more than 600 million marks.

Xerox Offers New Personal Computer

KANSAS CITY, Mo. — Xerox introduced Tuesday the 820-II personal computer, which it said is designed for use by business professionals as a personal computer on an office communications network. Basic system price is \$3,295.

Turkey Seizes Leading Bank's Assets

ANKARA — The Turkish government seized all assets of the country's main independent banking organization, Kastelli, on Tuesday and closed all its branches, officials said.

They said two other financing organizations, Mentas and Bimtas, had also been taken under state control. Tanks surrounded the offices as angry shareholders gathered in the streets.

The government said the finance companies could not pay their debts and they had been taken over to protect "the people's interest." Kastelli had assets estimated at \$500 million and millions of dollars' worth of shares. A government broadcast said all shareholders would be paid back, and the government has reportedly ordered eight chairmen of leading Turkish banks to attend a meeting to discuss Kastelli's assets. The central bank was also meeting.

Acceptances High for SHKS Shares

HONG KONG — Banque de Paris et des Pays-Bas and Merrill Lynch have received acceptances for its limited tender offer for 10 percent of Sun Hong Kai Securities shares totaling 80.06 million shares, or the equivalent of 30.4 percent of Sun Hong Kai share capital, SHKS said.

The two firms had made an offer for the 10 percent, or 24.35 million shares, at \$15 Hong Kong dollars each. Current trading price is 3.8 Hong Kong dollars. SHKS said shares will be taken up in the ratio of 608 out of every 2,000 tendered.

The offer was part of the deal announced in May under which Merrill Lynch was to purchase a 25 percent stake in SHKS and a 15 percent stake in Sun Hong Kai Bank. Paribas would increase its stake in SHKS to 10 percent from 5 percent and cut its stake in SHKB to 25 percent from 30 percent.

Malaysian to Sell Sime Darby Share

SINGAPORE — Malaysian Mining said Tuesday it will dispose of its 19.7 percent holding in Sime Darby to ensure adequate resources to finance its mining exploration and development programs.

Compiled From Agency Dispatches

Data General: Growing Pains Bring Changes

By Thomas J. Lueck

New York Times Service

WESTBORO, Mass. — In 12 years of uninterrupted growth, Data General Corp. built a reputation as a feisty, hard-charging computer company where engineering was a passion and marketing an afterthought.

"The rule was simple," J. Thomas West, director of engineering for the company's Technical Products division, said. "You make a machine that's faster and cheaper than the competition; and you don't waste time hand-holding the customer."

But times have changed at Data General, which now ranks among the largest U.S. computer manufacturers.

In the last two years, for the first time since it was founded in 1968, the company has suffered sluggish sales increases and a decline in earnings. The price of its stock has plummeted, six vice presidents have left in the last 12 months, and the company's sales force has been riddled with resignations.

Ironically, Data General has also gained a kind of celebrity that is highly unusual in U.S. industry. The company is the subject of "The Soul of a New Machine," a book that was awarded the Pulitzer Prize for nonfiction and has been a best-seller.

The book, documented by the author, Tracy Kidder, describes the personal rivalries, nearly obsessive drive to overcome engineering problems and Herculean team effort involved when



Edson D. de Castro, president of Data General, thinks changes were inevitable.

a group of engineers, led by Mr. West, designed a computer between mid-1978 and early 1980. The machine was introduced by Data General last year.

But the book's popularity is only a small diversion at Data General. On Tuesday, Data General reported that its fiscal third quarter, ended June 5, profit fell to \$3.5 million from the year-earlier \$9.7 million. Revenue amounted to \$189 million compared with \$174.2 million a year ago.

For the second quarter, ended March 13, the company reported net income of \$5.64 million, compared with \$13.5 million a year earlier.

Edson D. de Castro, Data General's president and founder, said the company's problems were largely the result of the recession, which has prompted many customers to postpone or-

ders. But he acknowledged that Data General was undergoing broad internal changes.

"We're facing the reality that a company our size can't operate like a little start-up," he said.

Data General's main products, known as "minicomputers" and "super-minicomputers," fall into a middle ground of the computer market.

Larger and more powerful than the personal computers, desk-top computers and other small devices that have gained a large market in the last three years, they are less powerful and less expensive than the mainframe computers made by International Business Machines and others.

In the 1970s, while sales increased at more than 40 percent a year, Data General was able to maintain a lean sales and service organiza-

(Continued on Page 11, Col. 1)

Consumer Prices In U.S. Registered 1% Rise for May

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. consumer prices, spurred by sharply higher gasoline costs, rose 1 percent in May, the government said Tuesday. The increase, the biggest since September, amounted to a 12-percent annual increase.

Economists said the new figures do not mean the nation is losing its battle against inflation. For the first five months of the year, inflation at the retail level has been 3.5 percent, calculated annually.

Inflation for all of last year was 8.9 percent; for 1980, 12.4 percent. But this year, the economists predict, inflation should be between 5 and 7 percent.

In April, the Labor Department's Consumer Price Index rose a seasonally adjusted 0.2 percent after falling 0.3 percent in March. May's increase was the biggest jump since the 1.1 percent gain last September, the department said.

For the 12 months ending in May, inflation rose 6.7 percent, the new report said. Meanwhile, the Commerce Department reported that new orders for durable goods — items like automobiles, heavy appliances and machinery — bounced back in May, partially recovering from April's steep decline. The increase in orders came to 1.4 percent and brought their value in May to \$78.7 billion, still below the March peak of \$80.5 billion.

April had produced a major setback, a decline of a revised 3.6 percent.

"Serious Problem"

A crucial category that reflects business spending, non-defense capital goods, plunged 4.7 percent in May, suggesting that most of the overall increase was in auto sales inspired by sales incentives.

At the White House, Larry Speakes, deputy presidential press secretary, said the consumer-price figures indicate "the administration has made substantial progress in bringing inflation down."

But, he said, "inflation is still a serious problem and we cannot let it down in our sight."

Janet Norwood, chief of the Bureau of Labor Statistics, said the oil glut appears over and that energy price restraint no longer will be

pulling down the consumer price index.

At a congressional Economic Committee hearing on May's CPI increase, she said the CPI no longer will have the "downward pull" from energy prices, which had been moderating for 13 months. For the 12 months ending with April, gasoline prices fell almost 15 percent.

But in May, gasoline prices rose 0.9 percent, reversing April's record drop of 6.7 percent. Fuel oil prices were up 0.7 percent last month, a sharp reverse from the record 3.8 percent decline in April.

The unadjusted Consumer Price Index stood at 287.1 in May, meaning that a hypothetical list of goods and services costing \$10 in 1967 would have cost \$28.71 last month.

Credit Markets Weaken

The rise in the CPI "shouldn't be misread as an indication that inflation is starting to accelerate," said Edward Yardeni, chief economist for E.F. Hutton.

"I'm afraid people will interpret this as a new round" of big boosts in consumer prices, said Jason Bendoric, chief economist of Washington Analysis Corp. He maintained, as did other economists, that the low levels earlier in the year could not have continued indefinitely.

But credit markets were weaker following the news of the larger than expected rise in May consumer prices, dealers said.

Bond prices lost up to 1/4 point, with the 14s of 2011 falling to 98 1/2 from 98 3/4 Monday. Treasury bill yields rose four to six basis points.

Three- and six-month Treasury bills were auctioned Monday at their highest rates since early spring.

The three-month bills sold at an average rate of 12.588 percent, up from 12.248 percent at last week's auction. The rate on six-month bills averaged 13.031 percent, up from the previous week's 12.503 percent.

For three-month bills, this marked the highest average auction rate since 12.68 percent on May 3. For the six-month bill, it was the highest since 13.243 percent on March 29.

N.Y. Stock Prices Surge on Economic Hopes

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed sharply higher Tuesday with most of the gains coming late in the day following the reported increase in durable goods orders in May.

The Dow Jones industrial average was up only 2.5 points at midday but started climbing in late afternoon and finished up 9.71 at 799.66.

Advances led declines by about \$20 to 600, and volume rose to about 56 million shares from the 50.4 million traded Monday.

Some analysts said investors read the durable goods figure as a signal that the economy may be poised for a recovery.

But analysts continued to characterize the market's upturn, which started Monday, as primarily technical in nature.

"The market is still in a deeply oversold condition, and barring some very bad news you would have to have a rally at this point," said Monte Gordon of Dreyfus

Corp.. The Dow average fell 80.58 points in the past six weeks to hit a 26-month closing low last week.

Much of the buying Tuesday was the result of bargain hunting and short covering, analysts said.

Trends were difficult to determine because many institutions were adjusting their portfolios for the approaching third quarter. Historically, such portfolio dressing creates erratic price movements.

Some traders were encouraged by the House of Representatives passed a compromise fiscal 1983 budget containing a \$103.9 billion deficit and sent it to the Senate, which was expected to approve the measure by nightfall.

In addition to the durable goods report Tuesday, a preliminary report Monday showed the second-quarter gross national product rose 0.6 percent after falling two consecutive periods, leading to the belief the recession may be ending.

But Washington jaded the investment community with its re-

port that May consumer prices rose 1 percent.

Furthermore, interest rates remained high, with little prospect of retreating significantly. Analysts are fearful the Treasury's need to borrow to cover the budget deficits will force charges even higher in the months ahead.

Leonard Siegel, vice president of investments of Josephthal & Co., predicted that unless interest rates declined substantially from current levels, the market would have problems sustaining a rally. He pointed out that another deterrent was that high bond yields were placing "a lid on potential purchasers of common stocks."

Stock analyst Joseph Granville said he believes the Dow average probably will sink from its present level to the 550-to-650 range in "a full-blown depression" next year.

Mr. Granville said Monday that "this is not the time to buy or own anything. Cash is king in a bear market. We are in the worst bear

market since 1929, and we're only two-thirds of the way through it."

Mr. Granville told his clients Jan. 6, 1981, to sell all stocks. At the time, the Dow Jones average had risen to 1,004.69, its highest level in more than four years. The Dow fell by almost 24 points after Mr. Granville's statement, but then rose to 1,024.05 on April 27, 1981. Since then, the average has dropped 234.1 points.

On the NYSE floor, technology, transportation, retail and leisure and entertainment stocks turned in strong performances, and analysts said those groups would be among the first to benefit from an economic upturn.

Gainers in the entertainment sector included Metromedia, up 10 to 22 1/2, ABC 1 1/2 to 36 1/2, Disney 1 1/2 to 35 1/2, Bally 1 1/2 to 28 1/2 and MCA 3 1/2 to 62 1/2, a new 52-week high for the stock. MCA has been climbing since the release of its film "E.T.," a large commercial success.

Janet Norwood, chief of the Bureau of Labor Statistics, said the oil glut appears over and that energy price restraint no longer will be

pulling down the consumer price index.

At a congressional Economic Committee hearing on May's CPI increase, she said the CPI no longer will have the "downward pull" from energy prices, which had been moderating for 13 months. For the 12 months ending with April, gasoline prices fell almost 15 percent.

But in May, gasoline prices rose 0.9 percent, reversing April's record drop of 6.7 percent. Fuel oil prices were up 0.7 percent last month, a sharp reverse from the record 3.8 percent decline in April.

The unadjusted Consumer Price Index stood at 287.1 in May, meaning that a hypothetical list of goods and services costing \$10 in 1967 would have cost \$28.71 last month.

But credit markets were weaker following the news of the larger than expected rise in May consumer prices, dealers said.

Bond prices lost up to 1/4 point, with the 14s of 2011 falling to 98 1/2 from 98 3/4 Monday. Treasury bill yields rose four to six basis points.

Three- and six-month Treasury bills were auctioned Monday at their highest rates since early spring.

The three-month bills sold at an average rate of 12.588 percent, up from 12.248 percent at last week's auction. The rate on six-month bills averaged 13.031 percent, up from the previous week's 12.503 percent.

For three-month bills, this marked the highest average auction rate since 12.68 percent on May 3. For the six-month bill, it was the highest since 13.243 percent on March 29.

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Dollar Eases Amid Rumor Volcker Quit

Compiled by Our Staff From Dispatches

LONDON — The dollar fell on profit-taking Tuesday and gold attempted a rally as markets were jolted by a report that U.S. Federal Reserve Chairman Paul Volcker had resigned. The Fed quickly denied that Mr. Volcker had quit.

Gold, struggling to recover from Monday's 2 1/2-year low, traded as high as \$309 an ounce before falling to \$301 in New York. Dealers termed the rise a "rally in a bear market."

In London, gold closed at \$306.25, up from \$296.75. Despite the slight rise, Swiss gold dealers said they expected the downward trend to continue. "High Eurodollar interest rates and the expectation of a rise in U.S. interest rates have combined to push up the price of the dollar," one Swiss gold dealer said.

"This trend is expected to continue as investors desert gold for the dollar," he said.

On foreign exchange markets, the dollar was slightly lower, but dealers said the profit-taking "was long overdue." One dealer said he expects the dollar to remain strong. "Even if U.S. interest rates do not go higher, they still represent a good return in a safe currency," he said.

In New York, the dollar slipped to 2.4540 Deutsche marks, a move which dealers attributed partly to the talk about Mr. Volcker, from Monday's close of 2.4660 DM.

Federal Reserve Board spokesman Frank O'Brien said the rumors that Mr. Volcker had resigned "were absolutely untrue."

He said, "I do not know what is going on with the markets, but Mr. Volcker has not resigned."

The dollar fell to 2.4475 DM in London before closing at 2.4545. The British pound closed at \$1.7265, after a Monday close of \$1.7282.

The dollar was fixed at 6.8350 French francs in Paris, down from its record high of 6.8960 francs at Monday's fixing.

It was the first trading session since the devaluation of the French franc within the European Monetary System on June 12 that the dollar failed to establish a new historic high against the French currency.

Dealers attributed the dollar's softer tone to a slight downturn in Eurodollar interest rates and some profit-taking.

The franc, meanwhile, remained steady against other EMS currencies. The Deutsche mark was quoted at 2.7750 francs at the fixing, little changed from Monday's fixing at 2.7740 francs.

In Tokyo, the dollar closed at 256.70 yen, down from Monday's closing 257.35 and it was rated at 255.30 in New York.

Regan Says Fed Changes Unlikely But Again Criticizes Performance

New York Times Service

WASHINGTON — Treasury Secretary Donald T. Regan, while continuing to criticize the Federal Reserve Board's handling of the nation's money supply, has said he sees little need now to bring the Fed under more direct control of the administration.

In a speech and in comments later, he acknowledged Monday that the Treasury is studying options for limiting the independence of the Fed, including bringing the Fed within the Treasury or putting the Treasury Secretary on the Federal Reserve Board.

But he immediately sought to soften the impact of his remarks. "I'm studying these things," Mr. Regan said in a speech to the Na-

tional Association of Accountants. "I have no preconceived notions. I don't think there probably is much need for change in the Fed."

In a later news conference, he said, "At this point, I think the Fed's independence is a good thing."

Treasury officials said over the weekend that the secretary was seeking review of proposals to limit the independence of the Fed because of his continued annoyance with what he calls its "erratic" money policy.

Mr. Regan has contended that this erratic growth contributed to high interest rates.

Mr. Regan's backtracking Monday is another example of a pattern within the Reagan administration of attacking the Fed one day,

only to retreat soon afterward. Officials at the Treasury suggested that the purpose is to pressure the Fed to work harder to smooth out the weekly and monthly fluctuations in the money supply.

At the same time Monday, Mr. Regan sought to play down the importance of his announcement that the administration is reviewing various economic policy options in case the hoped-for recovery does not get under way.

Growth Forces Changes at Data General

(Continued from Page 9)
tion. It did this by filling orders from computer systems houses, or original equipment manufacturers, and avoiding a major effort to sell directly to the customers.

Original equipment manufacturers, often small, entrepreneurial concerns, act as middlemen in the computer market by designing computer software, acquiring peripheral equipment and selling complete systems to their customers.

But by 1980, a growing number of customers were looking for ways to bypass the original equipment manufacturers and thereby avoid a markup on their computer systems. And while Data General's principal competitor, Digital Equipment Corp., responded quickly with a large sales and service organization, Data General was slow in meeting the demands of the changing market.

Barry J. Friedman, who left his job as Data General's vice president and general manager of information systems in December, said, "Ed de Castro would have liked to reorganize the company sooner, but this had become a big company and it was hard to get any consensus about what should be done."

Mr. de Castro did restructure the company last year but not without discussion in the ranks. Some senior executives left because they were unhappy with their new jobs.

Others, whose compensation was tied to stock options in the company, left when Data General shares began a downward spiral.

Mr. de Castro maintains that the recent management shake-up was inevitable.

He said, "This company was built by people who operate best in a small, entrepreneurial environment. And now that we've grown larger, it's not surprising that some would look elsewhere."

The restructuring has left Data General divided into three divisions to handle product development and marketing in information systems, small business systems and technical products.

More important, sales and service have been beefed up. Data General salesmen, who had traditionally ranged over a broad variety of customers, are now assigned to specific territories to cultivate sales.

AT A GLANCE Data General

All dollar amounts in thousands, except per share data

Three months ended	1982	1981
March 13	\$181,590	\$182,101
Revenue	5,534	13,484
Net income	\$0.52	\$1.28
Earnings per share		
Year ended	1981	1980
Sept. 26	\$736,842	\$853,887
Revenue	\$0.683	\$4,890
Net income	\$4.78	\$5.20
Earnings per share		

Main Areas of Business
Contribution to fiscal 1981 revenue

United States	69%
Europe	23%
Other foreign countries	8%

Total assets, Sept. 26, 1981: \$718,597
Current assets: 158,281
Stock price, June 18, 1982: 26 1/2
N.Y.S.E. consolidated close: 59 1/2-24 1/2
Stock price, 52-week range: 14,825
Employees, Sept. 26, 1981: 14,825
Headquarters: Westboro, Mass.

IMF Says Backing Given to Romania

WASHINGTON — The International Monetary Fund said Tuesday it had approved an economic program for the second year of a three-year standby credit arrangement for Romania.

In a statement, the fund said that in June, 1981, it approved a \$1.5 billion standby credit. The program became inoperative when Romania could not meet the conditions of the loan.

The IMF made no mention of extending new funds to Romania, but monetary sources said late Monday that about \$500 million would be released.

COMPANY REPORTS

Revenue and profit, in millions, are in local currencies unless otherwise indicated.

United States	
Florida Power and Light	
Year	1981
Revenue	3,110
Profits	245.54
Per Share	4.65

Heinz (H.J.)	
4th Qtr.	1982
Revenue	996.9
Profits	48.07
Per Share	1.83

Year	
Revenue	3,480
Profits	192.8
Per Share	4.10

1981 per share restored for 3-for-1 split in September; other 1981 results restated for accounting purposes.

Eurocurrency Interest Rates

	3M	6M	9M	12M	1Y	2Y	3Y	4Y	5Y
Libor	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%
Prime	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%	19 1/2%
1Y	10 1/2%	11 1/2%	12 1/2%	13 1/2%	14 1/2%	15 1/2%	16 1/2%	17 1/2%	18 1/2%

Bundesbank Hopeful On Current Account

FRANKFURT — West Germany's current account is approaching a balance because West German products have become more competitive on world markets, the Bundesbank said Tuesday in its monthly report.

The bank also said that while the West German economy has stagnated this year, underlying conditions have improved enough that an upturn is likely.

It said that the deficit on so-called invisibles, mostly services, in 1982 will probably be more than 50 billion Deutsche marks (\$20.4 billion) but that a trade surplus of the same magnitude can be achieved.

A surplus of 50 billion DM should not be seen as creating an imbalance in world trade, but rather as redressing the current account imbalance, it said.

In the first four months of the year, West Germany had a seasonally adjusted trade surplus of 14.2 billion DM, nearly as high as the 14.5 billion DM in the final four months of 1981, the Bundesbank said.

Although imports grew more strongly than exports on a volume basis, West Germany's terms of trade improved at the same time, and the average value of exports rose by a seasonally adjusted 2

Indonesia Minister Denies Tin Group Will Act as Cartel

JAKARTA — Indonesia's mines and energy minister, Subroto, denied Tuesday that an association of tin producers formed by Indonesia, Malaysia, and Thailand would operate as a cartel, and said it should not be compared to the Organization of Petroleum Exporting Countries.

The decision to form the association was taken in Kuala Lumpur over the weekend when the three countries also agreed to take part in the sixth International Tin Agreement, aimed at stabilizing prices and due to come into effect on July 1.

Talks on the agreement were due to resume in Geneva on Wednesday and the participation of the three leading producers is likely to bring the agreement into provisional force. Uncertainty over the future of the ITA, and reports that Malaysia would try to persuade Indonesia and Thailand to pull out, helped push the price of tin last week to its lowest level in five years on the London tin market.

Mr. Subroto said ministers of the three nations, which between them produced 55 percent of the world's tin last year, would meet in Bangkok on June 29 to complete the draft agreement of the new association. Other producer nations would be invited to join, he said.

France Outlines Cuts on Spending, Controls on Company Dividends

PARIS — The Socialist government Tuesday drew up plans for deep cuts in social security spending and unemployment benefits, and announced strict limits on company dividends.

President's spokesman Pierre Berégovoy said that the Cabinet had agreed on the cuts, but he said final details would be announced later after more talks with employers and trade unions.

France last week announced a four-month freeze on prices and incomes and severe budget restrictions as part of an austerity package to support the devaluation of the franc. But the government has met stiff opposition to its plans to reduce inflation.

Mr. Berégovoy said that at Tuesday's Cabinet meeting President François Mitterrand issued what he called a severe warning to the United States for its international economic policies.

He quoted Mr. Mitterrand as saying that the instability of the dollar, persistent rises in interest rates and U.S. policies on steel and export credits tended to aggravate the crisis in Europe.

French ministers have repeatedly blamed the continuing world recession for their economic woes and their inability to achieve growth targets and reduce unemployment.

The government faces a censure motion in parliament later this week on its economic management, which the opposition has called incompetent.

France has boosted state spending on family allowances, pensions, unemployment benefits and minimum wages in a race for economic growth. But it has been left out on its own as the recession has dragged on among its major trading partners.

To foot the bill, it now has to plug a 20-billion-franc (\$2.9-billion) gap in its social security budget covering 1982 and 1983, according to French economists. The government was expected to delay some higher social benefits already announced and to slash spending on medicines, hospital fees and other benefits, they said.

Unedie, the government, industry and union body that finances unemployment allowances, is facing a 37-billion-franc deficit by the end of next year.

Mr. Berégovoy said Tuesday the budget would be balanced this year through spending cuts, some extra charges for companies and new taxes to be paid by civil servants, whose jobs are guaranteed.

He said that increases in dividends paid by companies in France would be limited to an average 8 percent per year in 1982 and 1983.

SWISS-KUWAITI BANK

(BANQUE SUISSE-KOUEITIENNE)
(AL BANK AL SWISSRI AL KUWAITI)

Crédit Suisse has sold a minority holding of the Banque Industrielle et Commerciale de Crédit, Geneva, to a group of Kuwaiti-dominated financial institutions.

The Geneva banking establishment changed its trade name into Swiss-Kuwaiti Bank (Banque Suisse-Kouéitienne - Al Bank Al Swissri Al Kuwaiti).

Its share capital amounting at present to S.Fr. 5,000,000.— is now 27% owned by Pearl Holding B.V., Rotterdam, a subsidiary of Pearl Holding (Luxembourg) S.A., and 3% by the Kuwaiti-French Bank, Paris. Crédit Suisse retains a majority participation of 70%.

Pearl Holding is owned by:

- Pearl Investment Co., in Bahrain 40%
- Al-Jahil Bank of Kuwait 20%
- Commercial Bank of Kuwait 20%
- Kuwait Real Estate Bank 20%

Whereas the Kuwaiti-French Bank is owned by:

- Pearl Holding (Luxembourg) S.A. 80%
- Crédit Industriel et Commercial 20%

The board of directors of the Swiss-Kuwaiti Bank is composed as follows:

Jean-Paul Anachristou (*), Collonge-Bellerive,	Chairman;
Mohamed Jaber Al-Sabah, Kuwait,	Deputy Chairman;
William Wirth, Zurich,	Deputy Chairman;
Hassan Maki al-Juma, Kuwait,	
Jean-Louis Delachaux, Collonge-Bellerive,	
Philippe Dujardin (*), Paris,	
Olivier Fankhauser (*), Geneva,	
Walter Salih, Egg near Zurich,	

(* Members of the executive committee.)

The new bank is expected to start its operations on August 2nd, 1982, at the new premises:
2 Rue du Mont-Blanc - 1201 GENEVA.

\$18,435,000

Overseas Private Equities N.V.

18,435 shares of the above Company, represented by 16,435 shares of Class A Capital Stock and 2,000 shares of Class C Capital Stock, of U.S. \$1,000 par value per share, have been privately placed with institutional investors in England, France, Germany, Luxembourg, Spain and Switzerland.

Overseas Private Equities N.V. will make direct equity investments in corporations in the United States, in association with Bessemer Securities Corporation.

Overseas Private Equities N.V. will be advised by Bessemer Trust Company, N.A. as its Financial Counselor and Bradford Associates as its Portfolio Consultant.

The undersigned has acted as agent for this placement.

Fahnestock & Co.

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June, 1982

Chemical on International Banking:

Emerging markets. Expanding technologies. Development on a global scale. The rhythms of commerce are worldwide. And Chemical sets a rapid new tempo.

We're proud of the traditions that have put Chemical at the forefront of international business. And prouder still of the innovations that keep us there. Our ChemLink/BankLink network is the largest balance reporting and cash management system in the world. And we've just added a new ChemLink/Cedel module for Eurobond information and transactions.



We don't stop at being first—or best. We constantly advance the quality of our worldwide services. Look into the matchless performance of our Energy and Minerals Group, Foreign Exchange Advisory Service, Chemco International Leasing, International Investment Services, or any of our wide-ranging capabilities. Our new ideas mean new opportunities for you.

What Chemical has done yesterday, what we're doing today and what we're working on for tomorrow are all part of the tradition of giving you the very best banking service. It's a tradition that improves with innovation.

CHEMICALBANK

Tradition shouldn't be the enemy of innovation.

(Continued on Page 13)

IBM corrected typewriter, US mode

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OBSERVER

Computer Feedbag

By Russell Baker

NEW YORK — It is a curiosity unexplained by science that Americans nowadays are born understanding computers. You constantly read of tots who have plugged into giant institutional computing systems and transferred millions of dollars to Swiss bank accounts or wiped out entire electronic filing systems.

As one who has never learned how to make my \$29 calculator do long division with a decimal point in the divisor I marvel at these prepubescent geniuses, but do not envy them.

They just happen to have been born at a time when most new babies came equipped with computer know-how. In a time long gone most children were born knowing how to kill an antelope with a hurled spear. Nowadays hardly anybody can do that.

Still, the present case of the precocious computer generation raises questions that science has not addressed. What, for example, explains the generational shift in natural skills? Sixty years ago most American boys were born with an understanding of automobiles. It's my theory that this natural aptitude for the internal combustion engine was the reason the Axis was defeated in World War II.

In that highly militarized war every American unit had half a dozen men who, when things broke down, could get the wheels spinning or the tank treads running again after 30 minutes of tinkering.

This skill has now been almost entirely bred out of the American blood. Even licensed mechanics have trouble fixing a broken-down car in less than 48 hours.

Everybody says this is because our internal-combustion machinery is far more complicated than it used to be when grandfathers could repair the tin lizard at the curb with a screwdriver, a pair of pliers and a monkey wrench.

Well, it's complicated all right. The Army's new M-1 tank is so bewildering that if it breaks down in battle it will have to be sent back to the factory for repairs. But this,

I suggest, is because the United States hasn't bred a new generation with a natural understanding of mechanical complications.

Instead, it has bred a generation with a natural grasp of computers. Surely the average computer is far more complicated than the most baffling internal-combustion machine the Pentagon can devise, and yet youngsters so young they still think ice-cream sodas are better than vintage Bordeaux can fix the computer without consulting the Massachusetts Institute of Technology.

For grandfather repairing his Ford at the curb, the automobile was a lot more complicated than the horse, a conveyance with which his father was expert.

When grandfather's daddy saw his boy walking toward the Model T with a pair of pliers, his natural impulse was to ask, "You going to pull its teeth?"

About that time great-grandfather found it was getting harder and harder to find anybody who could repair his horse.

There was a historical basis for this, since the automobile could perform a lot of the same tasks as the horse if one first provided for it by creating a system of highways. It's my theory that history had reached a stage of development that cried out for highways, and the only way to get them was to produce the automobile.

The more puzzling question is why people who understand cars are no longer born and why so many people who understand computers are suddenly coming into production. The answer, I think, is that the computer is now ready to do everything that cars used to do. It has already made the drive-in movie obsolete. By making it possible to bank and shop in your own parlor, it will soon make it unnecessary for people to go to town.

Adolescents who once needed the car to get into trouble on Saturday night are already able to sit home and get into plenty of trouble by tapping into big fancy computers and flitting with fury.

If my theory is correct and biology understands the trends of history before humans do, the explosion of the sudden flowering of computer whiz kids is quite simple. The computer is nothing more than an electronic modification of the horse.

New York Times Service

Japanese Wives Loosen the Ties

By Terry Truico
New York Times Service

TOKYO — Last fall, Mieko Enomoto divorced her first husband, a divorce that became the most talked-about divorced woman in Japan.

In the long-running trial of former Premier Kakuei Tanaka, accused of receiving bribes from the Lockheed Corp., Mrs. Enomoto disclosed that her former husband, Toshio Enomoto, admitted he had accepted \$1.8 million on the premier's behalf.

Mrs. Enomoto's testimony became the talk of Japan, and opinion was sharply divided. Many men were critical of what they called "treachery," but a number of women cheered. They viewed Mrs. Enomoto's testimony as a form of revenge in this male-dominated country where divorce settlements are low and divorced women are often treated as outcasts.

The Constitution of 1946 guarantees equality of the sexes, but in practice, the Japanese have seldom acted as equals. Elderly women still walk a few paces behind their husbands, and women's salaries generally are half of those of men, according to figures for 1979 from the Ministry of Labor.

In the prewar period, the adulteress was dead to society, but the divorced woman was considered even worse, says Fumiko Kanazumi, a lawyer who has handled divorce cases for nearly a decade. "She had failed as a wife, the one role a Japanese woman is expected to fulfill," Mrs. Kanazumi said.

Divorce Rate Is Rising
Japan boasts one of the world's lowest divorce rates. United Nations figures for 1980 list 1.22 divorces per 1,000 Japanese, in contrast to 5.19 per 1,000 Americans.

While it can hardly be termed epidemic, Japan's divorce rate has risen steadily since 1965, and in the last decade the divorce rate has doubled. Last year, 154,000 couples decided to end their marriages, 12,000 more than in 1980. In 1981, 780,000 couples were married, 5,000 more than in 1980.

Some see the rising divorce rate as evidence of a breakdown in the structure of the Japanese family. Others contend that it shows a healthy improvement in the status of women. "Women are beginning to realize they don't have to continue in miserable marriages," said Yoriko Madoka, a Tokyo marriage counselor and author of four books on divorce.

Women now file for 55 percent of the divorces, men initiate 35 percent, and parents, usually the wife's, instigate the remainder, according to 1978 figures, the most recent available from the Health and Welfare Ministry.

In part, these numbers reflect notable changes in women's attitudes toward marriage. Schooled for centuries in the Confucian principles of endurance and compliance, women were once expected to obey their fathers in childhood, their husbands in marriage and their children in old age. "Japanese girls would laugh at you if you suggested anything like that today," says Mrs. Madoka.

An increase in so-called "love marriages,"



Marriage counselor Madoka.

as opposed to the traditional *o-miai*, or arranged unions, has also swelled the divorce rate, some believe. They argue that couples who have married for love enter a marriage with higher expectations and may well divorce when they find those expectations shattered. On the other hand, they theorize, couples in arranged marriages hold more traditional views and find it difficult to break up without embarrassment. But the Rev. Yukio Saito, who operates a telephone counseling service here, says that an arranged marriage may also be easier to break these days "because the couple can say to their parents, 'You made me do this. I didn't want this marriage.'"

The most persuasive reason for the rise in divorce, however, is economic. "Women now make up more than one-third of the labor force," said Mrs. Kanazumi. "They no longer have to depend on their husbands for their only support."

Working mothers are viewed more favorably in the larger cities, although they are still scorned in the provinces, said Teiko Seki, a divorce lawyer. "Women not just financial stability, but many Japanese men don't realize this."

Indeed, a second marriage is not a goal for many of Japan's divorced women. While a newspaper survey here found that many divorced men would like to remarry, a little more than half of the women interviewed were interested. Miss Hashimoto, for example, said that while she enjoys dating, she finds that most men want to remarry to get help with the house and children. "They want servants and slaves; it's very difficult to find a man who isn't looking for a wife," she said.

oot property — is for less than \$4,350, and such settlements are most often made in one or two chunks, much like severance pay. Only 10 percent of the payments exceed \$25,000, and just 2.7 percent of all women who divorce receive alimony, according to 1978 figures of the Health and Welfare Ministry.

Like so much else here, tradition is largely the reason for the small settlements. A divorced woman was usually sent back to her family, which was expected to support her. Now fewer return home and instead support themselves and their children.

Child-care payments aren't much better than the settlements. In 1978, more than half of Japan's divorced women provided all living expenses for their children, the Health and Welfare Ministry has reported.

"There's no precedent for higher settlements between divorcing couples, so the amount will probably continue to be small," said Mrs. Kanazumi.

Many divorced women say they sense job discrimination. Yukiko Hashimoto, a 29-year-old assistant secretary who was divorced two years ago and now uses her maiden name, recalled that she was interviewed by a number of companies after her divorce. "But they seemed disinterested in me as soon as I told them I was divorced," she said. Fluent in English, she eventually found a job with a U.S. company in Tokyo.

Hard Workers
Yet some employers prefer to hire divorced women. Kiyoshi Yasuura, editor of *Cosmo* '82, a Japanese science magazine, said she believes divorced women work harder. "Women just out of the university expect to get married in a couple years and are not serious about their careers," she said, "but a job means a lot to a divorced woman."

Many blame the government for the social stigma still surrounding divorce. Though a mutual-consent divorce is quick, easy and inexpensive, the government has actively discouraged divorce since 1949. Japan's Family Court has provided state-sponsored marriage counseling. But couples are over-interviewed together, divorce is seldom offered as a solution, and the most frequent advice, usually for wives, is "gam batten" — "hang in there."

Japan's divorce rate is expected to continue to rise. Japanese women today have fewer children and are well educated. "Living just for your children is no longer enough," said Mrs. Madoka. "Women want companionship from their husbands, not just financial stability. Many Japanese men don't realize this."

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PEOPLE

Laker, Frost Divorces

Sir Freddie Laker, whose airline nose-dived into bankruptcy in February, was divorced by his American-born third wife, Patricia, who cited his alleged adultery with an unnamed woman, Lady Laker, 43, was granted an uncontested divorce decree in London in a five-minute hearing. She is believed to have custody of the couple's 4-year-old son, Fred Jr. Laker, 59, was divorced from his first wife, Joan, after 26 years of marriage in 1968 and from his second, Rosemary, in 1975, the year he married for the third time. TV star David Frost and his actress wife Lyne Frederick have divorced after just 17 months of marriage. "They want it known that their divorce was entirely amicable and that there is no third party involved," said Michael Rosenberg, Frost's business partner and best man, who was instructed to break the news. "As to what went wrong, you will have to use your imagination." Frost, 43, and Frederick, 26, married in January, 1981, six months after Frederick's first husband, Peter Sellers, died of a heart attack. She inherited most of Seller's \$7.5-million fortune. In February of this year, Frederick told the lady she was expecting. It was Frost's first marriage.

Former U.S. Sen. J. William Fulbright received an honorary law degree from Waseda University in Tokyo for promoting international understanding through the scholarship program that bears his name. The program was started in 1951. The presentation to the former senator from Arkansas, who is now 77, was made by Tsukasa Shimidzu, the university's president.

The cartoonist who draws the "Blondie" comic strip said he doesn't believe he is cheating people when he "retorts" an old strip, as he did last week. "Who cares? So I take an old favorite of mine, a classic experience that happened, and I inject new life into it and bring it into our contemporary world," said Dean Young, whose father created the comic strip. "It doesn't matter how I achieved my gag or my laugh or my smile, the bottom line is bringing the joy into the world." The Sioux Falls (S.D.) Argus Leader reported that a local artist, original *Murphy Brown* (Chie) Young, comic strip published May 12, 1982. Except for

the final frame, the strip is identical to a "Blondie" strip published June 12, the newspaper said. Dean Young, who with an associate continued the strip after his father's death in 1973, said that he occasionally took old strips and "updated" them to fit contemporary humor. "I just say right out, all our stuff is original," he said. "If we weren't constantly updating our humor, we would have been gone a long time ago. It's not even the same ending on the comic strip, it's a different ending. I mean, really, give me a break." King Features Syndicate, which distributes the strip to about 1,800 newspapers, said in a statement that "it is not King's policy to repeat strips. But at the same time, we'd like to point out that this is not a life-or-death situation; this is a gag that's been repeated 19 years later, and even then after being changed."

Leonid and Valentina Kozlov, who defected from the Bolshoi Ballet in Los Angeles nearly three years ago, announced their first American tour for the fall of 1982. The couple danced Sunday night in New York at a benefit for the Jacqueline Du Pre Research Fund for multiple sclerosis research. They are spending this year as principal guest artists with the Australian Ballet in Melbourne. The 1983 tour will start in Ottawa and continue with 15 appearances in Canada, then 40 in the United States. Dances will include both traditional and new works, some choreographed by Kozlov.

Queen Beatrix of the Netherlands says she appreciates the pomp surrounding her visit to the United States, but understands her country "cannot be expected to figure largely in your daily lives."

The queen, on a goodwill tour of the country, was transported into the Los Angeles City Council chamber and rode the Los Angeles city, in a speech to the World Affairs Council, she noted that 1982 is the 200th anniversary of the Treaty of Amity and Commerce between the Netherlands and the United States, and any other foreign power, she told council members. Both countries revere the ideals of liberty and equality, she said.

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